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DEPARTMENT OF TRADE AND INDUSTRY

Departmental Report 2006

Cm 6826

This document is part of a series of Departmental Reports (Cm 6811 to Cm 6838) which, along with the Main Estimates 2006-07, the document Public Expenditure Statistical Analyses 2006 and the Supplementary Budgetary Information 2006-07, present the government's expenditure plans for 2005 to 2008.

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May 2006

Cm 6826

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FOREWORD

The Departmental Report sets out the work of the Department over the last 12 months, key achievements where real progress has been made and plans for the forthcoming year.

Alan Johnson was serving as Secretary of State for the period covered by this Report. I look forward to continuing his work with my Ministerial colleagues.

DTI's purpose is to create the conditions for business success and to help the UK respond to the challenge of globalisation. And that means operating in an evolving world where India and China are growing rapidly, where new technologies quickly appear rendering old products obsolete, and where the population is ageing in Europe whilst the developing world is getting younger.

But Britain is well placed to succeed in this changing world. If anyone is able to grow business in this shrinking world by producing high value adding goods and services that people want to buy, it is Britain. But we still face challenges with low productivity and pockets of unemployment. In addition, along with all other developed countries, we are dealing with lower growth, higher energy prices and bigger pension bills.

And so to succeed we need to embrace innovation and change, and not be stuck in the past. We need to turn outward, using our links with Europe, America and the Commonwealth, instead of retreating inward. Technological change will continue and we must move with the times.

DTI's role in this changing world is vital. Internationally, we are leading the global debates on energy and trade, building on last year's G8 and European Presidencies. In Europe, other Member States are looking to our employment record as a model for them to follow. Domestically, we are continuing our work to create the conditions for business success.

Last year we ran a business-like, impartial presidency. DTI played a key role in achieving this, contributing to the efficient way Councils were chaired and business conducted. We made substantial progress on a number of difficult issues. For example, on better regulation, with the Commission's withdrawal of 68 proposals for legislation, its publication of its simplification programme and substantial progress on economic reform and the opening up of markets.

We produced tangible results, including achieving political agreement on the REACH chemicals regulation saving business over €600 million. And whilst the WTO Hong Kong round delivered only modest progress, on a freer and fairer trading system, we included agreement on the ending of all export subsidies in agriculture by 2013 with substantial progress due to be made by 2008.

At home, we've taken difficult decisions on contentious issues. We launched the Energy Review which will look at what measures are needed to tackle climate change and to ensure secure energy supplies in the UK for 2020 and beyond. The Review will report their

findings later this year. On better regulation, we published simplification plans to deliver £1bn of regulatory savings to business over the next five years.

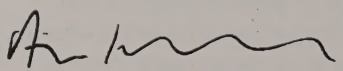
We've produced practical advice and help to a record 670,000 businesses through Business Link. UK Trade & Investment has helped nearly 6,000 UK exporters move into overseas markets and the UK landed over 1,000 inward investment projects, creating 40,000 new jobs and safegarding a further 35,000.

The introduction of the Work and Families Bill will give families real choices about how they balance work and family caring responsibilities. This will extend maternity and adoption pay and give fathers the right to take up to 26 weeks Additional Paternity Leave. The National Minimum wage increased to £5.05 in October 2005 taking more than 1 million people out of poverty. This will increase further to £5.35 in October 2006.

We've helped consumers get better advice and protection by extending the availability of Consumer Direct to all corners of Britain. And we are continuing to ensure they are protected through the Consumer Credit Bill which will improve transparency and provide consumers with redress to the Financial Ombudsman service.

The Equality Act became law and sets the foundation for the establishment of the Commission for Equality and Human Rights in 2007, bringing together the Commission for Racial Equality, the Disability Rights Commission and the Equal Opportunities Commission into a single body. And we saw Civil Partnerships come into force in December 2005, extending the legal recognition rights of married people to same-sex couples.

I am grateful to the many people in the DTI and agencies, as well as those we have worked closely with to deliver the outcomes set out in this year's report. We have met some tough challenges and will do so in the future as we continue to improve the efficiency and increase the focus and flexibility of the department. I look forward to a successful year as we deliver on our promises and bring real results to our customers and stakeholders.



Rt. Hon Alistair Darling
Secretary of State for Trade and Industry

RHAGAIR

Mae'r Adroddiad Adrannol yn nodi gwaith yr Adran dros y 12 mis diwethaf, cyraeddiadau allweddol lle gwnaed cynnydd go iawn, a'n cynlluniau ar gyfer y flwyddyn sy'n dod.

Alan Johnson oedd yn Ysgrifennydd Gwladol dros gyfnod yr Adroddiad. Edrychaf ymlaen at barhau ei waith gyda'm cyd-swyddogion Gweinidogol.

Diben y DTI yw creu'r amodau ar gyfer llwyddiant busnes a helpu'r DU i ymateb i her globaleiddio. Ac mae hyn yn golygu gweithredu mewn byd sy'n esblygu, lle mae India a Tsieina'n tyfu'n fuan, lle bydd technolegau newydd yn codi'n gyflym gan fwrw hen gynhyrchion i'r neilltu, a lle mae'r boblogaeth yn Ewrop yn heneiddio tra bo'r byd datblygol yn mynd yn iau.

Ond mae Prydain mewn safle da i lwyddo yn y byd cyfnewidiol hwn. Os gall unrhyw wlad dyfu busnes yn y byd hwn sy'n mynd yn lleilai beunydd trwy gynhyrchu nwyddau a gwasanaethau sy'n ychwanegu gwerth uchel fel y bydd pobl am eu prynu, Prydain yw'r wlad honno. Ond wynebwn heriau cynhyrchedd isel a diweithdra mewn mannau gwasgarog o hyd. At hyn, ar y cyd â phob gwlad ddatblygedig arall, rydym yn gorfod delio â thwf is, prisiau ynni uwch a biliau pensiwn mwy.

I lwyddo, felly, mae angen inni gofleidio blaengaredd a newid, a pheidio â glynu wrth y gorffennol. Mae angen inni droi'n golygon ar y byd tu allan – gan fanteisio ar ein cysylltiadau ag Ewrop, America a'r Gymanwlad – yn lle encilio'n fewnol. Bydd newid technolegol yn bwrw rhagddo a rhaid inni symud gyda'r oes.

Mae rôl y DTI yn y byd cyfnewidiol hwn yn hollbwysig. Yn rhyngwladol, rydym yn arwain y trafodaethau bydeang ar ynni a masnach, gan adeiladu ar sail ein Llywyddiaeth y llynedd o wledydd G8 ac Ewrop. Yn Ewrop, mae Gwladwriaethau Aelodol eraill yn troi at ein record gyflogaeth fel model iddynt ei ddilyn. Yn fewnol, parhawn i weithio i greu'r amodau ar gyfer llwyddiant busnes.

Y llynedd, trefnwyd gennym lywyddiaeth bwrpasol a diduedd. Chwaraeodd y DTI ran allweddol wrth gyflawni hyn, gan gyfrannu at y ffordd effeithiol y câi Cynghorau eu cadeirio a busnes ei gynnal. Gwnaethom gynnydd sylweddol ar nifer o faterion anodd: er enghraifft, ar well rheoleiddio, o gofio i'r Comisiwn dynnu'n ôl 68 cynnig ar gyfer deddfwriaeth, iddo gyhoeddi rhaglen symleiddio ac iddo wneud cryn gynnydd o ran diwygio economaidd ac agor marchnadoedd.

Gwireddwyd canlyniadau go iawn gennym, gan gynnwys sicrhau cytundeb gwleidyddol ar reoli cemigion o dan drefn REACH, a arbedodd dros £600 miliwn i fyd busnes. Ac er na welwyd ond cynnydd cymedrol o ran system fasnachu decach a mwy rhydd yn sgil cyfres trafodaethau'r WTO yn Hong Kong, cytunwyd i roi terfyn ar bob cymhorthdal allforio ym maes amaethyddiaeth erbyn 2013 gan ddisgwyl cynnydd sylweddol erbyn 2008.

Gartref, cymerwyd penderfyniadau anodd ar faterion dadleuol. Lansiwyd gennym yr Arolwg Ynni a fydd yn edrych ar y mesurau sydd angen i fynd i'r afael â newidiadau hinsawdd a sicrhau cyflenwadau ynni diogel yn y DU ar gyfer 2020 a'r tu hwnt. Bydd yr Arolwg yn cyhoeddi'i gasgliadau yn nes ymlaen eleni. Lle mae gwell rheoleiddio yn y cwestiwn, bu inni gyhoeddi'n cynlluniau symleiddio gyda golwg ar wireddu gwerth £1 biliwn o arbedion rheoleiddio ym myd busnes dros y pum mlynedd nesaf.

Cynigiwyd gennym gyngor a chymorth ymarferol i'r nifer uchaf erioed o 670,000 o fusnesau trwy Business Link. Mae UK Trade and Investment wedi helpu bron 6,000 o allforwyr y DU i fudo i farchnadoedd tramor a sicrhaodd y DU dros 1,000 o brosiectau buddsoddi mewnol, i greu 40,000 o swyddi newydd a diogelu 35,000 pellach.

Bydd cyflwyniad y Mesur Gwaith a Theuluoedd yn rhoi i deuluoedd ddewisiadau go iawn o ran sut i gydbwyso gwaith a chyfrifoldebau teuluol. Bydd hwn yn estyn tâl mamolaeth a thâl mabwysiadu ac yn rhoi i dadau'r hawl i gymryd hyd at 26 wythnos o Dâl Tadolaeth Ychwanegol. Cododd y Lleiafswm Cyflog Cenedlaethol i £5.05 yn Hydref 2005, gan gipio mwy na miliwn o bobl o grafangau cyni. Bydd yn codi ymhellach i £5.35 yn Hydref 2006.

Rydym wedi helpu defnyddwyr i gael gwell cyngor a diogelwch trwy estyn argaeledd Cyswllt Defnyddwyr i bob rhan o Brydain. A pharhawn i sicrhau eu bod wedi'u gwarchod trwy'r Mesur Credyd Defnyddwyr a fydd yn hybu tryloywder ac yn darparu eu bod yn gallu troi at wasanaethau'r Ombwdsman Ariannol.

Daeth y Ddeddf Cydraddoldeb yn gyfraith, gan osod y sail ar gyfer sefydlu'r Comisiwn Cydraddoldeb a Hawliau Dynol yn 2007, trwy ddod ynghyd â'r Comisiwn Cydraddoldeb Hiliol, y Comisiwn Hawliau Anabledd a'r Comisiwn Cyfle Cyfartal o dan un corff. A daeth Partneriaethau Sifil i rym yn Rhagfyr 2005, gan estyn hawliau cydnabyddiaeth gyfreithiol parau priod i barau o'r un rhyw.

Rwy'n ddiolchgar i'r bobl niferus yn y DTI a'i hasiantaethau, ac i'r rhai y buom yn cydweithio'n agos â nhw i wireddu'r canlyniadau a nodir yn adroddiad eleni. Wynebwyd sawl her galed gennym a byddwn yn parhau i wneud yn y dyfodol wrth inni ddal i wella effeithiolrwydd a hybu ffocws ac ystwythder yr Adran. Edrychaf ymlaen at flwyddyn lwyddiannus wrth inni gywiro'n haddewidion, gan wireddu canlyniadau go iawn i'n cwsmeriaid a'n budd-ddeiliaid.



Y Gwir Anrh. Alistair Darling
Ysgrifennydd Gwladol dros Fasnach a Diwydiant

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INTRODUCTION

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Introduction

This report sets out Government expenditure plans for the Department of Trade and Industry (DTI) for 2005-08. It also assesses performance against the delivery of the Department's Public Service Agreement (PSA) targets and its business objectives and provides a summary of significant developments against these targets during the 2005-06 period. In the main the report covers the Department, including UK Trade & Investment, but also contains information on its Executive Agencies and Non-Departmental Public Bodies (NDPB's).

The Department's expenditure and budgeting are managed on a full resource basis and this is reflected in the tables at Annex A. The audited consolidated resource accounts for the financial year 2004-05 were published in December 2005. They provide details of the Department's activities during the 2004-05 financial year and its Balance Sheet at 31 March 2005.

The Department also issued audited resource accounts for the United Kingdom Atomic Energy Authority (UKAEA) Combined Pension Schemes for 2004-05. The National Audit Office (NAO) issued unqualified audit opinions on both sets of accounts.

During the period covered by this report Responsibility for fashion design and the arts market was transferred to the Department for Culture, Media and Sport (DCMS). New arrangements were put in place for DCMS to jointly sponsor with the Department, the Design Council, advertising, computer games and publishing. The consent role under the Coastal Protection Act was transferred from the Department of Transport to the Department.

Ministerial Responsibilities



Secretary of State for Trade and Industry

The Rt. Hon Alistair Darling MP

» Overall responsibility for the Department of Trade and Industry



Minister of State for Energy

Malcolm Wicks MP

» Portfolio: Overall responsibility for Energy issues; Sustainability and the Environment; Security of Energy Supply; Fuel Poverty; Nuclear Security and Export Control; Shareholder Executive energy portfolio; Corporate Social Responsibility.



Minister of State For Trade, Investment and Foreign Affairs (Joint with Foreign and Commonwealth Office)

Rt. Hon Ian McCartney MP

» Portfolio: Overall responsibility for Europe and World Trade Policy; UK Trade & Investment (UKTI); Export Credit Guarantee Department (ECGD); Extending Competitive Markets; Consumer Affairs; Corporate and Insolvency Activity; Insolvency Service



Parliamentary Under Secretary of State for Science and Innovation

Lord David Sainsbury of Turville

» Portfolio: Science and Engineering; 10 year investment framework for science and innovation; Office of Science and Innovation (OSI); Research Councils; Knowledge Transfer and Innovation; Technology Strategy; Patent Office; National Weights and Measures Laboratory (NWML); Bioscience (excluding GM);



Minister of State for Industry and the Regions

Rt. Hon Margaret Hodge MBE MP

» Portfolio: Enterprise Growth and Business Investment; Strengthening Regional Economies; Effective Channels with Business; Small Business Service; E-Commerce; Communications and Information Industries; Companies Bill; Companies House; Shareholder Executive Industrial Development Unit portfolio.



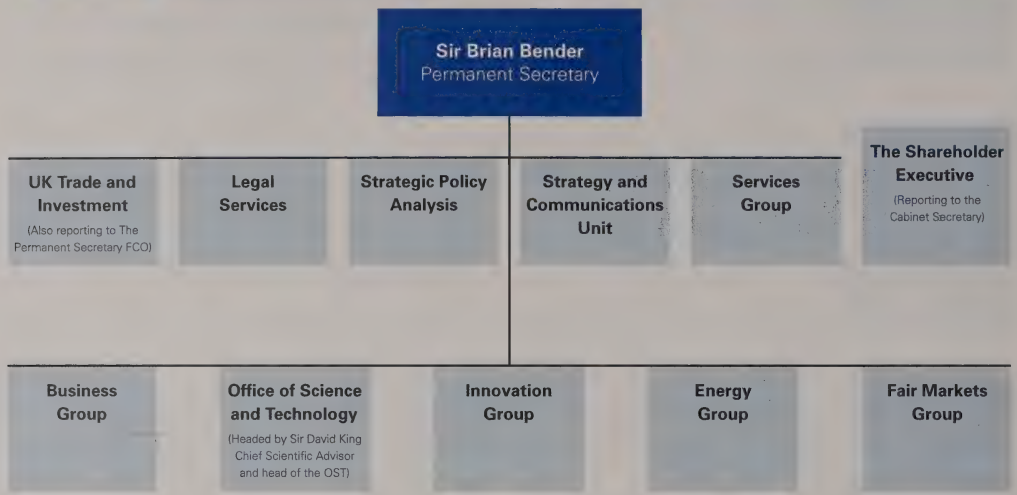
Parliamentary Under Secretary of State for Employment Relations

Jim Fitzpatrick MP

» Portfolio; Maximising Potential in the Workplace; Better Regulation; ACAS; Shareholder Executive oversight (including Royal Mail); Also Minister for London.

Structure of the Department

Figure 0.1 The Department's Structure Pre-April 2006



In late 2005 the Department reviewed the organisational and working methods in the areas of Science, Innovation and Support for Business, with the aim of achieving effective integration and ensuring that the strategic focus of DTI appropriately addresses the enterprise, innovation and knowledge economy agenda to meet the challenge of globalisation.

As a result of the review it was decided to merge the Innovation Group into the Office of Science and Technology (OST), creating a new Office of Science and Innovation. This will build on both the strong brand of OST and the achievements of OST and Innovation Group, including the success so far in delivering the 10-year Science and Innovation Investment Framework and putting innovation at the heart of the Government agenda.

The Department also decided to build on the success of its Business Group, and the credibility it has achieved with key stakeholders, by carrying out a further change programme aimed at enabling it to focus on identifying the conditions for business success and promoting enterprise by influencing DTI and wider Government policy. The Group will continue to be outward looking and high-powered. To reflect its revised role, the Group will be renamed Enterprise and Business Group.

In response to a separate review of finance within the Department a new Group is being created to bring together the work on Finance and on Strategy under a single Director General (who has professional finance qualifications). The new Group will ensure that the Department is able to allocate its resources and manage its finance more effectively with strong links between its Finance and Strategy functions. The Finance and Strategy Group will also enable the Department to implement the requirement for all Departments to have a professionally qualified finance director by December 2006.

The Department's other central functions, Human Resources, Information and Workplace Services and its Operations Directorate have become part of an Operations Group led by a Chief Operating Officer. The Group will focus on ensuring that the Department's corporate services are efficient, effective, capable and modernised while supporting business needs.

The changes to the Department's central functions are designed to enable the Department to better deliver its priorities and refocused purpose in a more professional way – with greater focus on both effectiveness and efficiency.

Enterprise and Business Group

Enterprise and Business Group contributes to three of the Department's strategic objectives (supporting successful business, promoting world-class science and innovation and ensuring fair markets) and brings together strongly business-focussed parts of the Department – Business Relations, Regions and the Small Business Service. Business Relations builds partnerships with business through face-to-face contact and sector analysis. Their expertise is invaluable in policy development throughout the Department and across Whitehall; Regions aims to improve the economic performance of each English region and narrow the gap in growth rates, working in partnership with England's Regional Development Agencies (RDAs) and other Government Departments; and the Small Business Service (SBS) is the Department's agency dedicated to supporting small business and enterprise – working across Government and the regions and driving improvements in the performance of the Department's business support products.

UK Trade & Investment

UK Trade & Investment has the lead responsibility within Government for overseas trade and inward investment services. It brings together the work of the Foreign & Commonwealth Office (FCO) and the Department in supporting companies in the UK doing business internationally, and overseas enterprises seeking to locate in the UK. It draws staff and associated administration funding from both parent Departments. It also has its own stream of programme funding, voted directly by Parliament.

Office of Science and Innovation

The Office of Science and Innovation, headed by the Governments Chief Scientific Advisor, Sir David King, has the twin purpose of investing to develop further the excellence of the UK's research base; and promoting technological and other business innovation. Its objectives are to sustain and improve the science and engineering base through administration of the £3 billion Science Budget; improve performance in knowledge transfer and commercialisation from universities and Research Council Institutes; improve the performance of Government Departments using S&T; optimise the benefits to UK science from EU and international activities; improve the flow of people and ideas between the science and engineering base and users; improve engagement between science and the rest of society; and ensure sound advice is given to Ministers across Government on science issues.

To ensure that UK business leads the field in the exploitation of science and technology, innovation, and the transfer of technology and knowledge, the Office of Science and Innovation provides strategic direction on innovation policy; ensures that the UK has world-class standards and technical regulation; challenges technical barriers to trade; maximises the opportunities arising from space exploration; identifies and where possible removes financial barriers to investment in innovation; and focuses on the critical role of skills and education in successful business. Within the Office of Science and Innovation are the Patent Office, British National Space Centre and the National Weights & Measures Laboratory.

Fair Markets Group

The Group's role is to deliver a competitive framework for the growth of successful business and jobs, and a fair deal for employees and consumers. It does this by creating open and dynamic markets – through economic reform in Europe, free and fair world trade and an effective competition regime. Also by creating confident participants – including reducing the regulatory burden on business, dynamic businesses, empowered employees and active consumers and investors who are assured by the fairness and integrity of the market framework, well informed about rights and responsibilities, and embrace the benefits of diversity.

Energy Group

Energy Group's aim is to deliver a fundamental cornerstone for business success – secure, sustainable, affordable energy. The Group works with others to ensure competitive energy markets, while achieving safe, secure and sustainable energy supplies. It also aims to deliver safe, economic and efficient management of Departmental assets and liabilities; to ensure safety and security in the civil nuclear industry; and to provide an effective and efficient Departmental contribution to preventing proliferation of arms and other strategic goods.

The Shareholder Executive

The Government is owner of, or shareholder in, a large and diverse portfolio of businesses. The Shareholder Executive's mission is to ensure that Government shareholdings deliver sustained, positive returns and return their cost of capital over time within the policy, regulatory and customer parameters set by Government, by acting as an effective and intelligent shareholder. It is closely aligned with the Department's objective of raising UK productivity. The Shareholder Executive is located in the Department but works across Government by directly fulfilling the ownership role on behalf of shareholding Department's or advising Department's on their ownership role.

Finance and Strategy Group

The Finance and Strategy Group is responsible for supporting the Accounting Officer, helping the Secretary of State and the Board to obtain, allocate and manage financial resources, leading on business planning and performance reporting in the Department and ensuring that the Department has satisfactory systems of financial control.

The Group also supports the Secretary of State and the Department's senior management team in creating a Departmental strategy for driving up UK productivity and competitiveness and ensuring that this strategy is clearly communicated and delivered effectively. It does this by:

- Creating a strategy that gives the Department a shared and coherent sense of purpose, direction and priorities, providing a framework for business planning and performance management;
- Improving the Department's ability to create and protect a strong reputation and influencing role amongst our stakeholders, including other Government Departments and international organisations;
- Ensuring that the Department's strategic messages are communicated effectively;

Operations Group

Operations Group is the spine of the Department. Its vision is to enable change within the Department and to deliver excellent corporate services. It enables the rest of the Department to function through providing internal core services like personnel, accommodation, IT, and operations, and delivers services to external customers through a number of individual Agencies (Companies House, The Insolvency Service and (until April 2006) The Employment Tribunals Service).

Strategic Policy Analysis

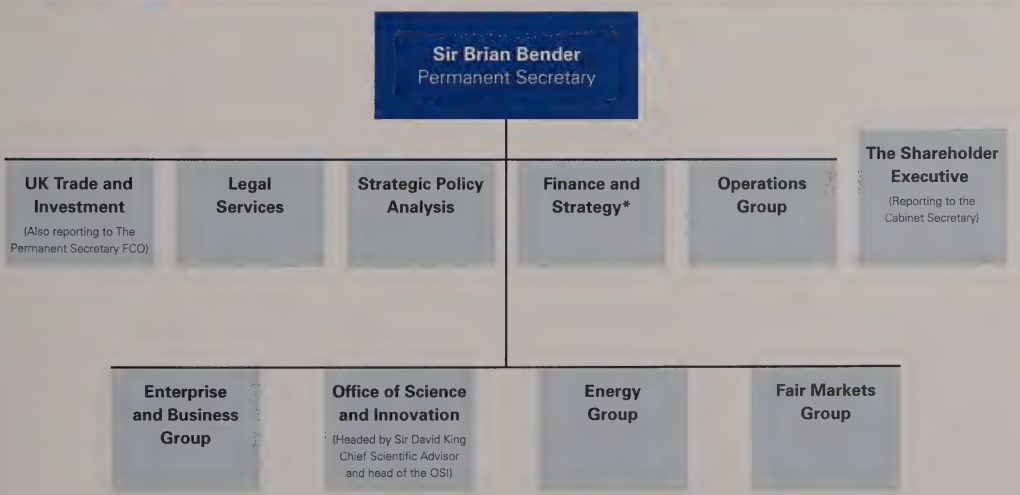
The Strategic Policy Analysis Unit undertakes analytical work in support of the Department's policy and strategy and gives a professional lead to the work of economists, statisticians and operational researchers across the Department. The group is responsible for developing the Department's evidence base and its analysis of globalisation and the UK productivity and competitiveness agenda.

In doing this, the unit aims to ensure that, across the Department, strategy, policy-making and resource allocation are driven by sound evidence and analysis and that there are robust systems for the monitoring and evaluation of the delivery of the Department's targets and objectives.

Legal Services Group

The aim of Legal Services Group is to ensure that Ministers and officials in the Department and its Executive Agencies receive the highest quality legal services they need to deliver Departmental objectives. The Group supports the Department's legislative programme and provides advice on aspects of Departmental policy. It investigates and prosecutes criminal offences uncovered by other parts of the Department, principally the Insolvency Service and Companies Investigation Branch (CIB) and advises the Department on any issues involving criminal law and policy. Legal Services Group also has an influencing role in Whitehall, representing the Department's interests on Government-wide legal issues, for example, relating to EU employment policy through e.g. chairing the Whitehall-wide Discrimination Law Working Group and, in the criminal justice field, through chairing the Whitehall Prosecutors Group.

Figure 0.2 The Department's Structure post April 2006



*Communications Unit reports direct to the Permanent Secretary

Structure of the Report

The Report is structured around the Department's four strategic objectives for 2005-08, Supporting Successful Business, Promoting World Class Science and Innovation, Ensuring Fair Markets and Secure Sustainable Affordable Energy.

Section 1 – The Department's Purpose and Objectives details how the Department's Strategy, Business Objectives and Public Service Agreement targets (PSA) feed into and in turn, deliver the strategic purpose of 'Creating the conditions for business success; and helping the UK respond to the challenge of Globalisation'.

Section 2 – Sets out the Department's progress on the delivery of its eleven PSA Targets from the 2004 Spending Review, its National Standard and progress against PSA targets outstanding from previous spending reviews. The section includes the current position and an overall assessment of delivery for each PSA target, any factors affecting the Department's progress and the quality of the data systems used to assess performance.

Section 3 – Details the Department's progress on the delivery of its four strategic objectives, as detailed above. The four Strategic Objectives are underpinned by Business Objectives and progress against delivery of each is reported on in this section.

Section 4 – Covers the Department's management of Government assets and liabilities. The section includes details of the various assets and liabilities, and how and who manages them.

Section 5 – Gives details of the Department's Executive Agencies and their performance against targets during the year.

Section 6 – Sets out how the Department is managed. It covers the Department's corporate services, processes and activities and how these support the delivery of the strategic purpose, PSA targets and Strategic objectives.

Finally the report contains three annexes: Annex A contains core financial tables, Annex B contains supplementary tables such as public appointments and senior civil service salaries, Annex C has information on managing the Department including tables on health and safety and environmental performance.



Section 1

The Department's Purpose and Objectives

The Department's Purpose and Objectives

DTI Strategic Framework, Business Plan, Objectives and PSA Targets

DTI Strategic Framework

1.1 The Department's overarching PSA target (shared with HM Treasury) is:

"To demonstrate further progress by 2008 on the Government long term objective of raising the rate of UK productivity growth over the economic cycle, improving competitiveness and narrowing the gap with our major industrial competitors"

1.2 In 2001 the Department identified three high-level strategic objectives for the Department in delivering this agenda:

- Supporting Successful Business;
- Promoting World-Class Science and Innovation; and
- Ensuring Fair Markets.

To which was added – following the 2003 Energy White paper:

- Secure, Sustainable, Affordable Energy.

1.3 In 2003, the Department published its strategy for contributing to the above PSA, to improve productivity in the UK economy, and to create the framework for improved UK business performance in an increasingly competitive and globalised world.

1.4 Built on a sound evidence base, the Department's Strategy explains: the economic context facing the UK – highlighting the importance of productivity in improving prosperity; and the Department's framework for intervention in the economy – based on policies that correct for market failure. The results of the evidence assessment suggested that the Department could make the most difference to productivity by focusing on four priority areas:

- Transferring Knowledge;
- Maximising Potential in the Workplace;
- Extending Competitive Markets;
- Strengthening Regional Economies.

1.5 The evidence also showed that the Department could not achieve its aims on its own. The Department would have to *forge closer partnerships* if it was to deliver higher levels of prosperity.

1.6 Building on the Strategy, the Department's Five Year Programme (published in 2004) sets out the priority actions and policies to deliver the Strategy – how the UK would develop a strong, modern, knowledge based economy; how the Department would contribute to sustainable development; and how, over the five-year period, the Department would work to achieve this with other Departments, business, trade unions and others at home, in Europe and globally.

1.7 Reflecting this strategic framework and an understanding of the areas in which the Department can make the most important contribution, the Department's statement of purpose has been refined to be:

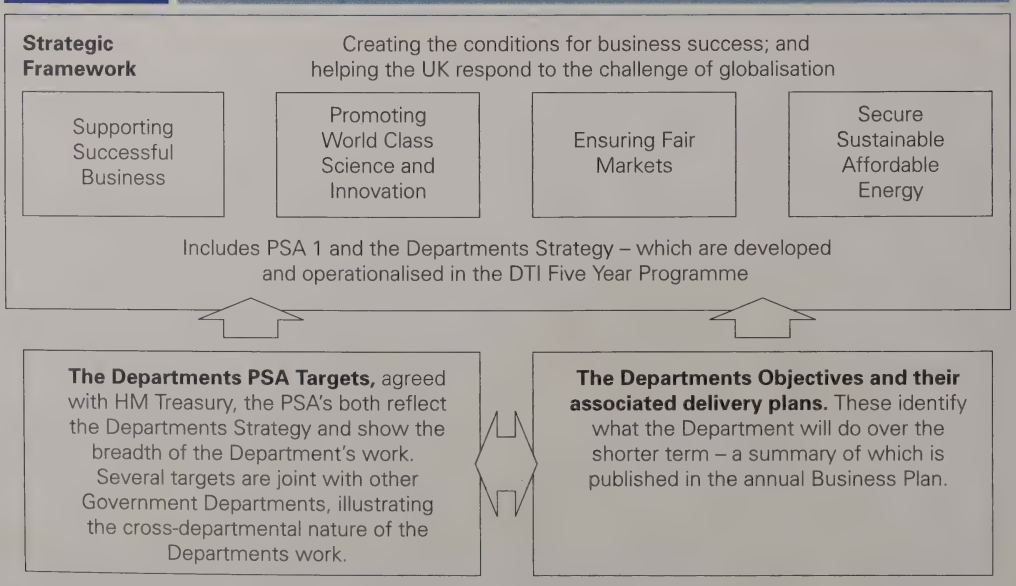
'Creating the conditions for business success; and helping the UK respond to the challenge of globalisation'

The Statement of Purpose builds on the Department's Strategy and Five Year Programme; and emphasises, that as the Department responsible for trade, business, employees, consumers, science and energy, the Department is in a unique position to contribute to the wider challenge of globalisation – enabling business and employees to prosper in the UK. Delivering outcomes will require ever closer working with others – reaching out to more stakeholders, and working with Whitehall Departments to raise awareness of the Government role in addressing globalisation.

1.8 Achieving the Statement of Purpose requires that the Department continue to focus on its strategic objectives of:

- **Supporting Successful Business** – recognising that business and Government have a shared goal in working together to ensure improved competitiveness, through identifying and tackling market failures and overcoming barriers to growth. And, just as business operates at a global, national, and local level, so must Government;
- **Promoting World Class Science and Innovation** – to support the development of a knowledge economy, Government must both support the science base, and ensure the efficient flow of this knowledge to firms, through strong innovation networks, to ensure that these ideas can be turned into high value products and services;
- **Ensuring Fair Markets** – fair and open markets, at home and abroad, are critical to UK prosperity. The Department has a key role in establishing the UK competition policy framework, and promoting the benefits of market liberalisation in the EU and globally; empowering consumers to make markets work; ensuring that the Department follows the principles of better regulation and ensuring that individuals can contribute in the workplace to their full potential;

Figure 1.1 Relationship between the Department's Strategic Framework, PSA Targets and Business Plan Objectives



- **Secure, Sustainable, Affordable Energy** – ensuring competitive energy markets deliver reliable, sustainable and affordable energy for business and domestic consumers. Within this the Department also remains focused on improving the efficiency and effectiveness with which it discharges its responsibilities and international obligations in respect of nuclear security and safety and export control.

 Alongside these objectives, the Department is also required to manage a wide range of Government assets and liabilities.

The Department's Business Planning – PSA Targets and Business Plan Objectives

1.9 The Strategic framework outlined above, provides the basis for more immediate objective setting and delivery planning. This is where the four strategic objectives are translated into the specific business plan objectives for the Department. A summary of these delivery plans is presented in the Department's annual Business Plan, which covers a three-year period.

1.10 The Business Plan sets out how the Department will drive forward its objectives and deliver its PSA targets. The Plan provides detail of the key outcomes to be achieved, as well as the main projects and activities to be undertaken.

1.11 Delivery of the Business Plan is monitored quarterly as part of the Department's approach to performance management and within the framework of its Public Service Agreement with

Figure 1.2 Links Between The Department's Business Objectives and PSA Targets

Business Objectives	Public Service Agreement Targets
Overarching our Business Plan is PSA Target 1 – Demonstrate further progress by 2008 on the Government long term objective of raising the rate of UK productivity growth over the economic cycle, improving competitiveness and narrowing the gap with our major industrial competitors. (Joint target with HM Treasury).	
Objective 1: Improve the relative performance of UK Science and Engineering and its use by Government and Society. Objective 2: Promote effective transfer of Knowledge to improve UK innovation performance and accelerate business exploitation of science and new and existing technologies.	PSA Target 2: Improve the relative international performance of the UK research base and increase the overall innovation performance of the UK economy, making continued progress to 2008, including through effective knowledge transfer amongst universities, research institutions and business.
Objective 3: Extend competitive markets by developing free and fair markets across Europe and throughout the world, and by placing empowered and protected consumers at the heart of an effective competition regime.	PSA Target 3: Promote fair competitive markets by ensuring that the UK framework for competition and for consumer empowerment and support is at the level of the best by 2008, measuring the effectiveness of the regime through international comparisons, supported by a broader evidence base. PSA Target 5: Ensure that the EU secures significant reductions in EU and world trade barriers by 2008 leading to improved opportunities for developing countries and a more competitive Europe. (Joint target with DFID).

Figure 1.2 Links Between The Department's Business Objectives and PSA Targets (cont.)

Business Objectives	Public Service Agreement Targets
Objective 4: Ensure the continuity and security of energy supply at affordable prices through competitive markets, while minimising environmental impacts and delivering social objectives. Objective 5: Promote sustainability including through the delivery of the low carbon aims of the Energy White Paper, at least cost to the UK economy, and improve the contribution of business to sustainable development.	PSA Target 4: Lead work to deliver the goals of energy policy: (i) Reduce greenhouse gas emissions by 12.5% from 1990 levels in line with our Kyoto commitment and to move towards a 20% reduction in carbon dioxide emissions below 1990 levels by 2010, through measures including energy efficiency and renewables. (Joint target with DEFRA and DFT) (ii) Maintain the reliability of energy supplies (iii) Eliminate fuel poverty in vulnerable households in England by 2010 in line with the Government Fuel Poverty Strategy objective. (Joint target with DEFRA) (iv) Ensure that the UK remains in the top three most competitive energy markets in the EU and G7.
Objective 6: Encourage Enterprise Growth and Business Investment.	PSA Target 6: Build and Enterprise society in which small firms of all kinds thrive and reach their potential, with, (i) an increase in the number of people going into business, (ii) an improvement in the overall productivity of small firms, (iii) more enterprise in disadvantaged communities PSA Target 9: Sub-target 4(ii)- By 2008 DTI will significantly increase the proportion of newly self-employed people who are women. PSA Target 10: Sub Target 10(a)-Raising the self-employment rate of under represented ethnic minorities and reduce the gap with other group
Objective 7: Strengthen regional economies through making sustainable improvements in the economic performance of the English regions by 2008 and over the long term reduce the persistent gap in growth rates between the regions, demonstrating progress by 2006.	PSA Target 7: Make sustainable improvements in the economic performance of all the English regions by 2008 and over the long term reduce the persistent gap in the growth rates between the regions, demonstrating progress by 2006. (Joint target with HM Treasury and ODPM)
Objective 8: Enhance the competitiveness of companies in the UK through overseas trade and investments; and attract a continuing high level of quality foreign direct investment.	PSA Target 8: By 2008 deliver a measurable improvement in the business performance of UK Trade & Investment's international trade customers, with an emphasise on new to export firms; and maintain the UK as the prime location in the EU for foreign direct investment. (Joint target with FCO)

Figure 1.2 **Links Between The Department's Business Objectives and PSA Targets** *(cont.)*

Business Objectives	Public Service Agreement Targets
Objective 9: Maximise potential in the workplace by maintaining an adaptable labour market while delivering a reduction of legal complexity for business both here and in Europe, raising the level of and demand for skills, and outside the workplace by promoting gender equality and diversity.	PSA Target 9: By 2008, working with other Departments, bring about measurable improvements in gender equality across a range of indicators, as part of Government objectives on equality and social inclusion. Note: Sub-target 4(ii) (self-employment rates of women) falls within Business Objective 6. PSA Target 10: By 2008, promote ethnic diversity, co-operative employment relations and greater choice and commitment in the workplace, while maintaining a flexible labour market. Note; Sub-target (a) (self employment rates of ethnic minorities) falls within Business Objective 6.
Objective 10: Promote and deliver an effective framework for corporate and insolvency activity, giving confidence to investors, business and other stakeholders.	No specific PSA target.
Objective 11: Safe, economic efficient and effective management of Departmental (and where relevant, Government) assets and liabilities and to provide a centre of excellence within Government on corporate finance and governance issues.	PSA Target 11: Reduce the civil nuclear liability by 10% by 2010, and establish a safe, innovative and dynamic market for nuclear clean up by delivering annual 2% efficiency gains from 2006-07; and ensuring successful competitions have been completed for the management of at least 50% of UK nuclear sites by end 2008.
Objective 12: Ensure nuclear security and safety and effective and efficient DTI contribution to preventing proliferation of arms and other strategic goods.	No specific PSA target.

Section 2

Delivering the Department's Public Service Agreement Targets



Delivering the Department's Public Service Agreement Targets

Introduction

This section sets out the Department's progress on the delivery of its eleven PSA Targets from the 2004 Spending Review, (SR04), PSA targets outstanding from previous spending reviews and it's National Standard.

Overall responsibility for the delivery of the Department's PSA targets rests with the Secretary of State for Trade and Industry. Where PSA targets are held jointly with other Government Departments, responsibility is shared with the Secretary of State for Trade and Industry as follows. The Chancellor of the Exchequer is jointly responsible for PSA 1 and together with the Deputy Prime Minister PSA 7. For PSA 4, The Secretary of State for Environment Food and Rural Affairs shares responsibility for eliminating fuel poverty and together with the Secretary of State for Transport reducing greenhouse gas emissions. The Secretary of State for International Development is jointly responsible for PSA 5 reducing barriers to trade. The Secretary of State for Foreign and Commonwealth Affairs shares responsibility for PSA 8, improving the business performance of UK Trade & Investment's international trade customers and maintaining the UK as the prime location in the EU for foreign direct investment.

Where PSA targets from previous spending reviews are similar or identical to those from SR04, they have been rolled over into the new targets and are not reported on separately in the report. Where there are significant differences or the PSA remains outstanding from previous spending reviews, progress is reported on separately in the report.

Technical notes[1] detailing how each PSA target will be achieved and progress measured underpin each of the targets. Technical notes can be found on the Department's website.

SR04 PSA 1

Demonstrate further progress by 2008 on the Government long-term objective of raising the rate of UK productivity growth over the economic cycle, improving competitiveness and narrowing the gap with our major industrial competitors. Joint with HM Treasury

Assessment of Progress: ON COURSE

Current position

2.1 The latest data from the Office for National Statistics (ONS) published autumn 2005[2] suggests that the UK's productivity gap, on the output per worker measure, has narrowed in relation to the USA and France and closed with Germany. This is relative to a 1995 base year, when the four economies were at similar points on their economic cycles. On the output per hour worked measure,

1 www.dti.gov.uk/psa_target.html
2 http://www.statistics.gov.uk/

the UK has narrowed the gap with Germany, France and the USA since 1995, but a sizable gap with each remains.

2.2 Together these data suggest the UK is heading in the right direction in terms of closing its productivity gap with its major competitors. The UK also appears to be making some progress in raising the rate of UK productivity growth over the economic cycle. HM Treasury estimates that the trend rate of actual productivity growth (output per hour basis, adjusted for changes in the employment rate) had increased in the UK from 2.04% per year over the previous economic cycle (between 1986Q2 and 1997H1) to

Figure 2.1 International comparisons of productivity, output per worker measure (UK=100)

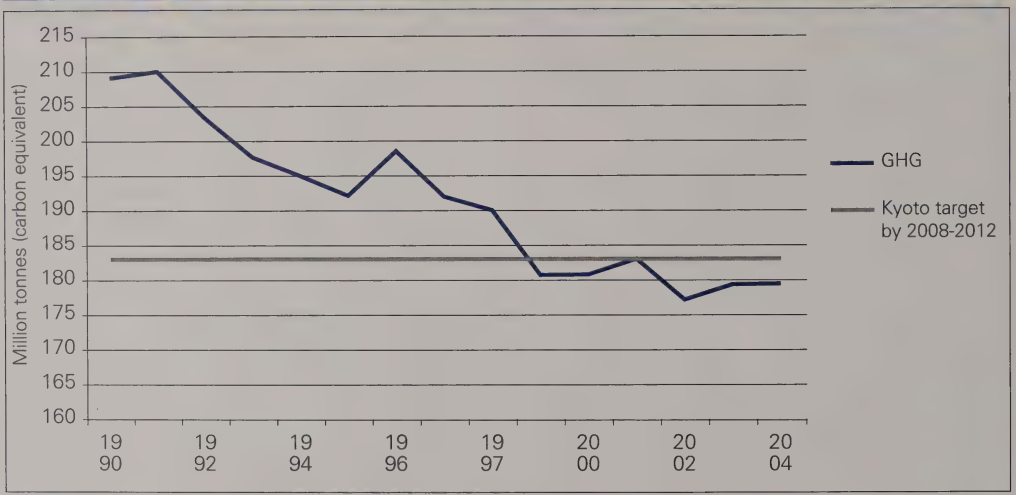
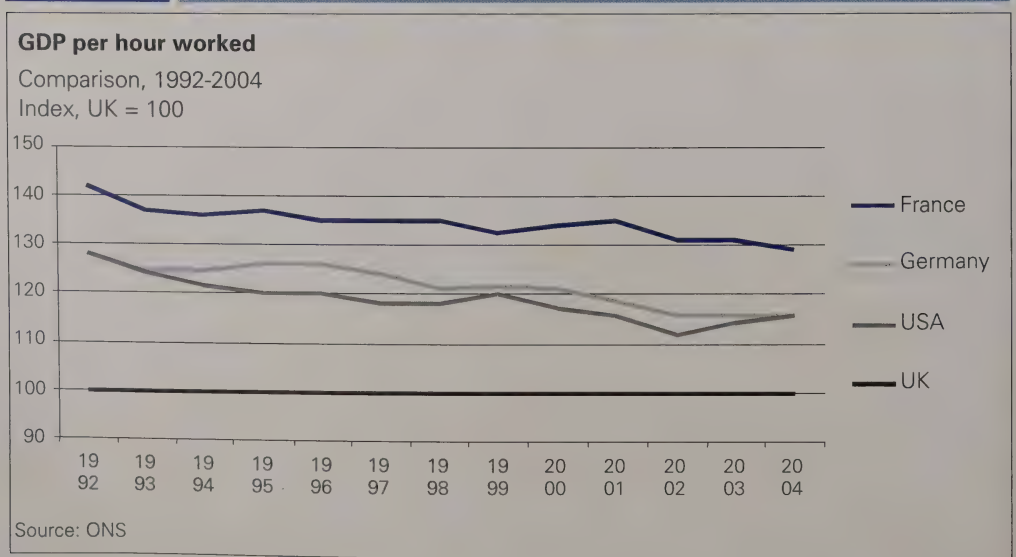


Figure 2.2 International comparisons of productivity, output per hour worked measure (UK=100)



2.5% over the first half of the current cycle (between 1997H1 and 2001Q3).

2.3 It takes time for workers, businesses and consumers to respond to far-reaching structural reforms and to gain the confidence to invest in capital or their own skills to increase productivity further. Consequently, in assessing progress towards raising productivity it is more reasonable to look for changes in the drivers of productivity. The Government has identified five drivers of productivity: investment, innovation, skills, enterprise and competition, and has monitored performance on a range of indicators for these drivers since 1999. Some progress has been made on all five of these 'high-level' drivers. In particular, there have been improvements in the competition regime and evidence of rising skill levels across the workforce, but with regard to levels of investment and research and development (R&D) expenditure, the UK continues to lag relative to its competitors.

Factors affecting performance

2.4 Improving the UK's comparative productivity position is a long-term objective. The indicators of productivity performance change slowly and in the short term productivity is influenced by the economic cycle. Productivity performance is likely to be dampened by periods of strong employment growth. Historically, the UK has rarely experienced simultaneously strong employment and productivity growth. Since 1997 the UK has witnessed strong employment growth, alongside productivity growth.

Quality of data systems used

2.5 The ONS provide the data on labour productivity. The data on labour productivity, on both the output per worker and the output per hour worked bases, are classified as 'national statistics'. National statistics is a term applied by the ONS to a data series when it is deemed sufficiently reliable.

2.6 Both versions of the productivity data may be subject to future revisions and are affected by the economic cycle. Therefore attempts are made to take out the effect of the economic cycle by choosing an appropriate base year for comparison, and changes are only deemed to be significant if they exceed 5% of the UK productivity level.

2.7 The sources of data used in the indicators of productivity were selected following an extensive consultation undertaken in 1999, and again following Budget 2004. The data for the indicators are derived from a variety of sources, including national statistical agencies, the OECD and the World Bank, each of which is subject to peer review processes.

SR04 PSA 2

Improve the relative international performance of the UK research base and increase the overall innovation performance of the UK economy, making continued progress to 2008, including through effective knowledge transfer among universities, research institutions and business.

Assessment of Progress: ON COURSE

Current Position

2.8 Overall progress remains on course though significant challenges clearly remain, particularly in raising business R&D and increasing the supply of science, engineering and mathematics skills available to the economy. Progress against this target is measured, using a

Figure 2.3 World Citations

	2002	2003	2004	2006 Target
Share of world citations	11.9%	11.9%	12.2%	11.5%
Share of world citations in each of the 9 broad science disciplines	Top 3 in 7	Top 3 in 7	Top 3[6] in 7	Top 3 in 7 out of 9
Researchers per 1000 workforce	5.8	5.9	N/A	6.3
Citations per £1 of publicly performed R&D	Lead G8	Lead G8	Lead G8	Lead G8
Citations relative to GDP	Lead G8	Lead G8	Lead G8	Lead G8
Citations per researcher	Lead G8	Lead G8	Lead G8	Lead G8

range of twenty-five indicators, across five broad attributes of the science and innovation system[3]. These are set out below:

1. World-class research at the strongest centres of excellence in the UK

2.9 Progress against this attribute is judged against a basket of six indicators including aspects of scientific excellence, productivity and development of trained researchers. These indicators are derived from Evidence Ltd's international benchmarking study into the performance of the UK science and engineering base[4]. The UK remains second in the world, only to the USA, for world citation share and continues to head the G8 on citation productivity measures. The most recent available data are for 2004[5].

2. Sustainable and financially robust universities and public research institutes

2.10 These two indicators are currently under development. The Department through the Research Base Funders Forum is working with Higher Education Funding Councils to develop a set of indicators of university sustainability. These will include operating surplus/deficit, spending on equipment, repairs and maintenance and total income per staff. Data will be derived from information already provided to the Higher Education Statistics Agency. The first report will be available in 2006. A parallel project is being undertaken by JM Consulting on behalf of the Department to develop a set of sustainability indicators for Public Sector Research Establishments.

3. Greater responsiveness of the research base to the needs of the economy and public services

2.11 Progress against this attribute is measured by an increase in a basket of indicators from the Higher Education Business and Community Interaction Survey (HEBCI). The latest available HEBCI data (covering academic year 2002-03) indicates an upward trend in the majority of measures.

3 These attributes also provide indicators of progress against the measures set out in the ten year Science and Innovation Investment Framework http://www.ost.gov.uk/policy/sif.htm.
4 http://www.ost.gov.uk/research/psa_target_metrics.htm.
5 The latest report was published March 2006.
6 Biological 2nd, Clinical 2nd, Engineering 4th, Environmental 2nd, Maths 3rd, Physical Sciences 4th, Pre-Clinical and Health 2nd, Social Sciences 2nd and Business 2nd. The broad disciplines are an amalgamation the 68 Research Assessment Exercise (RAE) subject units of assessment.

Figure 2.4 Higher Education Business Community Interaction (HEBCI) Survey Indicators

	2000-1	2001-2	2002-3
Number of new patent applications filed by Higher Education Institutes (HEIs)	896	960	1,209
Number of Patents granted	250	198	379
Number of licensing agreements	728	615	758
Income from licensing intellectual property (£million)	18.40	47.00	37.01
Number of spin-outs	248	213	197
Proportion of members of HEI governing bodies drawn from the business sector	34%	36%	35%
Income from business (value of consultancy contracts) (£million)	103.5	122.2	168.2
Number of full time equivalent staff employed in commercialisation/ industrial liaison offices	1,538	1,836	2,283

4. Increasing business investment in R&D and increased business engagement

2.12 The target for overall performance is to narrow the gap with the UK's leading international competitors. There are seven indicators for progress against this target. Two of the indicators on business enterprise research and development expenditure (BERD) and on UK patenting are available annually with a lag of approximately ten to twelve months. Five are measured through the Community Innovation Survey (CIS), which has been every four years but will be biennial from now. The 2001 survey provided baseline data for these targets. Results from the 2005 survey will be available in 2006.

Figure 2.5 Business R&D as share of GDP

Country	1988	1993	1998	1999	2000	2001	2002	2003	2004
Canada	0.77	0.90	1.08	1.08	1.16	1.27	1.09	1.03	0.98
France	1.33	1.48	1.35	1.38	1.36	1.41	1.43	1.36	-
Germany	2.02	1.65	1.57	1.70	1.75	1.75	1.75	1.78	-
Italy	0.70	0.60	0.52	0.51	0.53	0.55	0.54	0.55	0.55
Japan	1.90	1.87	2.10	2.10	2.12	2.26	2.32	2.36	-
UK	1.40	1.33	1.17	1.23	1.20	1.23	1.24	1.23	1.15
USA	1.92	1.78	1.95	1.98	2.04	1.99	1.87	1.79	-
OECD average	1.55	1.42	1.49	1.52	1.56	1.58	1.54	1.51	-

Source: ONS for UK, OECD for rest.

2.13 In 2004, £13.5billion was spent on R&D performed in UK businesses, 3% less in real terms than 2003. Civil R&D fell by 6%, while defence R&D increased by 13% in real terms. While the 2004 figures for the UK are disappointing, the trend in the real value of BERD has been positive for several years. R&D spending by companies can be cyclical, one example is in computer and related activities that saw increases in real terms of 45% in R&D spend in 2003 but a decrease of 18% in 2004.

2.14 However, R&D, while vital, is only part of the picture. Other innovation, based on the latest innovation survey results[7] show very positive performance. In 2002-04, compared with the 1998-2000 period, business innovation has surged.

2.15 The patenting rate fell for the UK in 2003, but this is an indicator that shows year-to-year variation and is influenced by relative population changes across countries. Only Germany has shown consistent annual growth since the mid 1990s.

- 28% of business were product (goods and services) innovators, up from 19%
- Of these, 57% had new market innovations, up from 43%
- 19% were process innovators, up from 15%
- 62% were actively investing in innovation, up from 45%
- Of the 12% of businesses who collaborate on innovation, some 35% do so with a university partner up from 34%

5. A more responsive supply of science, technology, engineering and maths skills to the economy

2.16 On the two indicators for this attribute the target is

i To increase the numbers of science students receiving enterprise training and

ii For the UK to maintain its international ranking within the G8 countries for PhDs awarded per head of population.

In 2002 the most recently available data, the UK lay second behind Germany in the G8.

Figure 2.6 Patent grants at the USA Patent Office per million population[8]

Country	1995	1996	1997	1998	1999	2000	2001	2002	2003[9]	Increase 95-03
USA	208.6	226.0	225.6	290.0	299.7	300.5	306.6	301.5	301.8	44.7%
Germany	80.9	83.6	85.5	111.1	114.2	124.8	136.9	137.1	138.8	71.4%
France	47.4	47.0	49.6	61.5	63.5	63.4	66.8	66.0	63.0	32.8%
UK	43.1	42.7	46.5	59.9	61.6	62.9	67.4	65.0	60.1	39.4%
Italy	19.1	20.9	21.9	27.8	26.1	29.5	29.8	30.3	29.6	55.2%

Source: OECD Patent database and main science and technology indicators

7 http://www.dti.gov.uk/iese/Economic_Trends_628.pdf
8 The data are for the inventor's country of origin
9 2003 figures are based on estimated population figures

Figure 2.7 Table of Indicators

Indicator	2001	2002	2003
Number of science and engineering students receiving enterprise training	11,143[10]	7,908	N/a
PhDs awarded per 1,000 population	0.24	0.24	N/a

Factors Affecting Performance

2.17 The use of citations for assessing the performance of the science base means that account has to be taken of the nature of this type of data. Citations accumulate over time so older papers tend to have more citations than recent work. Papers less than eight years old are usually still accumulating citations. Citation performance peaks only at around six years after publication and it is a recognised feature that the UK attracts citations at a faster rate than other countries. Very recent data will therefore tend to exaggerate UK performance.

2.18 Since 1999 Government has provided scientists and business with support to work together and drive innovation. This support aims to improve the record in the UK in successfully commercialising research. Over £370million has been allocated from the science budget for knowledge transfer and university-business interaction up until March 2006. Data from the latest HEBCI survey[11], covering the academic year 2002-03 and listed above indicates that these initiatives have made a real and sustained impact.

2.19 In the year 2003-04, the real value (excluding inflation) of Business R&D fell in addition to its value as a ratio of GDP. Several studies have shown (e.g. R&D Scoreboard[12], OECD review of UK[13] and the Department's economics paper no 11[14]) one of the most important factors influencing a country's BERD to GDP ratio is its industrial structure. This tends to change slowly over time and the direction of that change can be hard to predict.

Quality of Data Systems Used

2.20 Benchmarking studies, undertaken by Evidence Ltd on behalf of the Department comparing the UK against a comparator group of 25 countries including the G8. Data sources are:

- Thomson ISI[15], the world's premier source of information on scientific journal publications and their citations;
- OECD[16], a major source for international R&D statistical analyses.

2.21 HESA is the official UK agency for collection, analysis and dissemination of quantitative information about higher education. Data on university exploitation activity are gathered systematically through the HEBCI survey. The Higher Education Funding Council for England has published the survey annually since 2001. The fourth HEBCI survey, covering all UK universities was published in January 2005. The survey report analyses a wide range of knowledge transfer and business interaction activities and also looks at Higher Education Institutes' policies, priorities and resourcing in business and community activities.

10 Includes one-off initiative to provide short computer based courses to all SET students in Scotland, if excluded from the return the figure would be 3,032
11 http://www.hesa.ac.uk
12 http://www.innovation.gov.uk/rd_scoreboard/index.asp
13 http://www.oecd.org/publications/html
14 http://www.dti.gov.uk/economics/papers.html
15 http://www.isinet.com/
16 http://puck.sourceoecd.org/home.htm

2.22 The CIS is a postal survey of a sample of business enterprises, which collects quantitative and qualitative information on a range of innovation-related activities as part of a survey carried out across EU countries. It is undertaken by the ONS, on behalf of the Department.

2.23 BERD data are collected from R&D performing companies by the ONS using an annual survey. Patent data are routinely supplied by the Patent Offices concerned and normalised to country populations by Department statisticians. Patents are routinely collected official statistics. The indicator for students receiving enterprise training comes from annual HEBCI survey, collated from Science Enterprise Centre (SEC) annual reports, though the Department is currently looking for an alternative measure for this indicator. The indicator for PhD awards comes from OECD Education databases.

SR04 PSA 3

Promote fair competitive markets by ensuring that the UK framework for competition and for consumer empowerment and support is at the level of the best by 2008, measuring the effectiveness of the regime through international comparisons, supported by a broader evidence base

Assessment of progress: ON COURSE

Current Position

2.24 **Competition:** The last Peer Review of Competition Policy was carried out by KPMG in 2004 and found that the UK regime was ranked third behind the USA and Germany. The next Peer Review is due to be carried out in 2006. Other evidence from the Global Competition Review (an external source) suggests that competition enforcement in the UK ranks second in the world, with both competition authorities, the Office of Fair Trading (OFT) and the Competition Commission, in the top five.

2.25 **Consumer:** The latest OFT survey of consumer awareness, carried out by Synovate found that 59% of consumers say they feel fairly or very well informed about their rights and 78% of consumers say they feel fairly or very confident in using their rights. These results were very similar to those in 2003 and 2004. The latest customer satisfaction survey demonstrated that Consumer Direct is helping more people to gain redress. For those who were able to put a value on how much resolving their problem had been worth, for example, through replacement, repair or refund, the most frequent response was between £150 and £200. Analysis of the first complete year of operation of Consumer Direct in Wales, Yorkshire and the Humber, and South West through a survey of Trading Standards Departments suggests that the new service has enabled between 15 and 30% more consumers to access advice compared to the previous year.

2.26 A Department led OECD level research programme is now examining specific aspects of consumer regimes in participating countries under the headings of Legislative Framework, Enforcement and Consumer Empowerment, with the aim of identifying the common features of effective regimes under each heading. The first phase considered an aspect affecting consumer empowerment, namely how best to run consumer campaigns to prevent consumers falling victim to scams, that report has now been published[17]. The second project

17 http://www.olis.oecd.org/olis/2005doc.nsf/43bb6130e5e86e5fc12569fa005d004c/911996b0a67a8e9cc12570dd003bd320/$FILE/JT00196254.PDF

has been commissioned and is considering what makes an effective penalty regime for breaches of consumer protection legislation. As research progresses, understanding of what makes an effective consumer regime will improve.

Factors Affecting Performance

2.27 **Competition:** The Government responded to the OFT market study of care homes for older people[18] on 18 May 2005 and to the study of the property search market[19], on 23 December 2005[20]. Details of Competition Commission investigations are available on their website.[21] Following a review of the merger fees regime, Government announced that it is increasing the fees charged in respect of the regulatory control of mergers with effect from 6 April 2006. (The Government published its response[22] to the consultation on 6 January 2006.)

2.28 A programme of evaluation is underway covering a review of the regular management information and work to assess wider impacts. The latter included a recent independent study, jointly commissioned by the Department, OFT and the Competition Commission, to assess the quality of past merger decisions.

2.29 Research was commissioned and published on how best to implement competition or market-based approaches to achieve other public policy objectives. The study is supporting the work of the cross-Whitehall Competition Forum in improving dialogue between competition authorities and Government Departments.

2.30 **Consumers:** The consumer credit Act, which will modernise the framework of consumer credit law received Royal Assent on 30 March. The Consumer Strategy 'A Fair Deal for All[23]' was published in June 2005. This sets out the rationale for world-class consumer policy based on proportionate, risk assessed, evidence based intervention. The key points following extensive consultation, are:

- Complete the national roll out of Consumer Direct;
- Clearer legislation through the introduction of a general duty not to trade unfairly by implementing the Unfair Commercial Practices (UCP) Directive;
- Improving consumer redress by making it easier for consumers to resolve problems by promoting Alternative Dispute Resolution and making provisions to return money from overseas scams to British victims;
- Improving consumer protection by providing funding to support the piloting of specialist Trading Standards Scambuster teams at a regional level.

2.31 The UCP Directive will establish a comprehensive principles-based framework dealing with unfair trading by introducing a general prohibition on traders not to treat consumers unfairly. It will also harmonise unfair trading laws in all EU Member States. With around thirty laws affected, implementation of the Directive offers potential for simplifying the existing consumer framework in the UK. This is now being examined thoroughly through full

18 http://www2.dti.gov.uk/ccp/topics2/marketreport.htm
19 http://www.oft.gov.uk/News/Press+releases/2005/174-05.htm
20 http://www2.dti.gov.uk/ccp/topics2/propsearch.htm
21 http://www.competition-commission.org.uk/
22 http://www2.dti.gov.uk/ccp/consultpdf/feesgovresponse.pdf
23 http://www.dti.gov.uk/ccp/topics1/pdf1/cstrategy.pdf

consultation. The Directive is due to be transposed by June 2007, with the Department aiming to consult on draft regulations and guidance in autumn 2006.

2.32 On 5 December 2005 the Chancellor published his Pre-Budget Report, announcing plans to set up the Local Better Regulation Office (LBRO), a single body to oversee and support local authority regulatory services within the areas of trading standards and environmental health. This follows on from initial plans to set up the Consumer and Trading Standards Agency (CTSA). The LBRO will focus on reducing the regulatory burden on businesses through promoting intelligence-led, risk-based enforcement. It will coordinate help and support from local enforcers to make compliance easier for businesses, working to minimise the burdens from form filling and inspection.

Quality of Data Systems Used

2.33 **Competition:** The 2004 peer review of competition policy, carried out on behalf of the Department by KPMG, asked 215 experts from different countries to rank the effectiveness of the UK competition regime with its peers. The survey ensures it only captures competition experts through a question early on in the survey; however, respondents were not split evenly between countries, with a higher proportion of respondents from the USA and the UK. There were about 35 follow-up face-to-face interviews to capture more qualitative information about the performance of the competition regime. In addition, the Global Competition Review is an independent survey into which the Department has no input, where enforcement agencies' activities in 2004 are rated through a mixture of "editorial opinion" and a survey of 500 "users" (in other words those who have had cause to liaise with a competition authority). This represents a useful secondary source of information but the Department's peer review remains the primary source.

2.34 **Consumer:** The Consumer Direct survey was carried out by IPSOS Public Affairs during July and August 2005, with a sample size of 2000 people who had previously called one of the eight Consumer Direct contact centres in June 2005. The survey of Trading Standards covered was based on returns compiled by 40 local authorities between October and December 2005, and from case records held on the Consumer Direct database. The survey was designed and commissioned by the Department.

2.35 The OFT consumer awareness survey[24] was carried out by Synovate in early 2005. Results are based on face-to-face interviews with 2048 people and are comparable to previous surveys carried out in 2003 and 2004. The Department does not fund or input into the design of this survey.

2.36 There is currently no established methodology to compare accurately the UK consumer regime's performance to that of other countries. The Department is leading the OECD research programme as described above to establish best practice in consumer policy and work towards international consensus on what makes an effective regime.

24 http://www.oft.gov.uk/News/default.htm

SR04 PSA 4

Lead work to deliver the goals of energy policy:

- To reduce greenhouse gas emissions by 12.5% from 1990 levels in line with our Kyoto commitment and to move towards a 20% reduction in carbon dioxide emissions below 1990 levels by 2010, through measures including energy efficiency and renewables. Joint with the Department for the Environment Food and Rural Affairs (DEFRA) and the Department for Transport (DFT);
- Maintain the reliability of energy supplies;
- Eliminate fuel poverty in vulnerable households in England by 2010 in line with the Government Fuel Poverty Strategy objective. Joint with DEFRA;
- Ensure the UK remains in the top three most competitive energy markets in the EU and G7.

Assessment of Progress: SLIPPAGE

2.37 Overall the Department remains on course to deliver on the reliability of energy supplies and the competitive energy markets elements of the PSA. The Department will also meet our greenhouse gas emmisions target (which includes emissions of carbon dioxide and other gases implicated in global warming) in line with our Kyoto commitment. However there is slippage against the domestic carbon dioxide emissions target. Recent price increases will make reaching the fuel poverty target more challenging.

Greenhouse gas emissions/ carbon dioxide emissions

Current Position

2.38 The UK remains on course to achieve its Kyoto target to reduce greenhouse gas emissions by 12.5% below base year (1990) levels by 2008-12. Latest estimates show that UK greenhouse gas emissions in 2004 have fallen to about 14.6% below 1990 levels. The 2006 climate change programme, published 28 March, took a comprehensive look at all existing abatement measures and proposed

Figure 2.8 UK greenhouse gas emissions vs. the Kyoto target

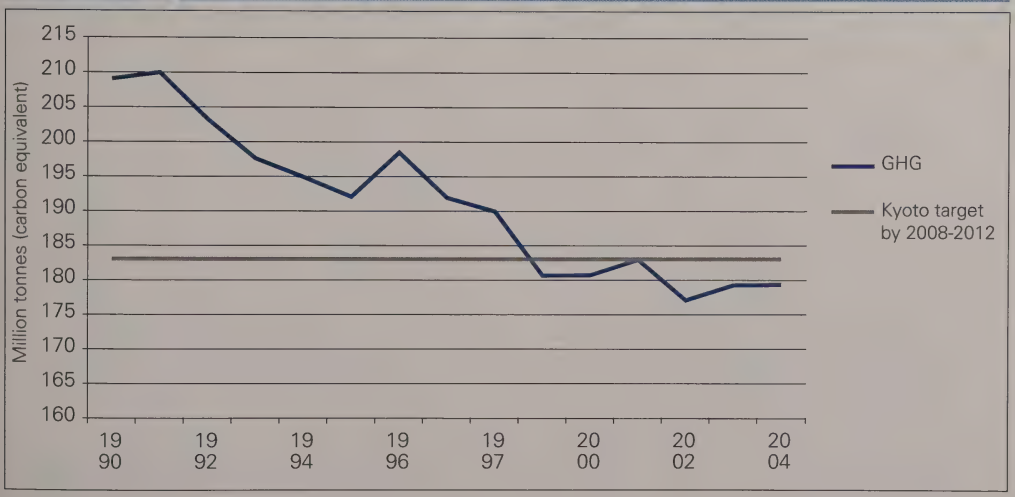
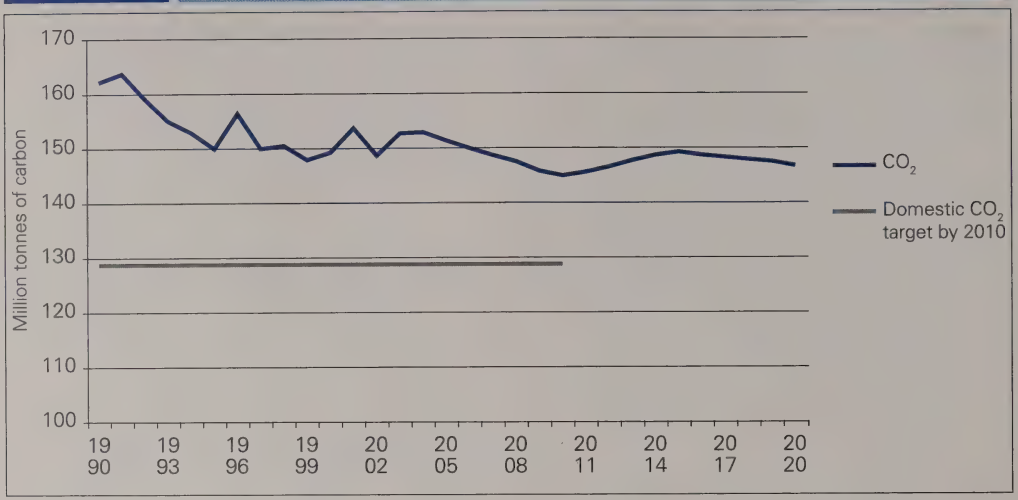


Figure 2.9 UK carbon emmissions vs. 2010 domestic target



a number of new measures. The projections in that document suggest greehouse gas emissions could be reduced to between 23%-25% below 1990 levels by 2010.

2.39 In addition to its Kyoto commitment, the UK also has a domestic goal of reducing its carbon dioxide emissions (as opposed to all greenhouse gases) by 20% below 1990 base levels by 2010. More action will be needed in order to meet this target The longer-term goal of putting ourselves on the path to reduce carbon dioxide emissions by some 60% by about 2050, with real progress by 2020, remains challenging. That is one of the key reasons Government is currently undertaking a wide ranging energey review.

2.40 Estimates show that carbon dioxide emissions increased by around 0.5% between 2003 and 2004, mainly due to estimated increases in industrial and transport sector emissions. The latest figures for 2005 show a similar increase since 2004, which may be as a result of fuel switching (to oil and coal) during the cold winter when gas prices were very high. Prior to the 2006 Climate Change Programme, projections, suggest that on the basis of existing policies and measures arising from the 2000 Climate Change Programme, the UK would have reduced emissions to around 10.6% lower than in 1990 by 2010. But when the new measures in the 2006 Climate Change Programme are added to existing measures, the complete package is projected to reduce carbon dioxide emissions to 15-18% below 1990 levels by 2010. The largest single contributor to reductions will be Phase 2 of the EU Emissions Trading Scheme. Details of the allocations and cap are not yet finalised, which accounts for the use of a range , rather than single figure, in the latest projection. This new package of measures (which includes policies spanning a whole range of Departments) will take us much closer to our domestic target and ensure real progress by 2020 towards our longer term goal to 2050. The revised Climate Change Programme is not the final word and there will be further opportunities ahead of 2010 to move us still closer to the target.

2.41 2004 was a year of strong growth for renewable energy, with all renewable sources providing 3.6% of the electricity

generated in the UK in that year. The Department is currently on course for further substantial growth, particularly in wind power. Total electricity generation from renewables in 2004 amounted to 14,171 Gwh, an increase of 33.2% on 2003. There was a 9% increase in installed generating capacity of renewable sources in 2003, mainly as a result of a 19% increase in onshore wind capacity and a doubling of offshore wind capacity.

Factors Affecting Performance

2.42 Overall projections for carbon dioxide emissions have increased. Economic growth is a contributory factor, but changed expectations of fossil fuel prices going forward including for transport emissions, are also contributing. Oil and gas prices have both increased. This has meant that coal has therefore become more competitive and this is producing increased coal use in the generation mix. While some reduction in energy demand in response to higher prices is allowed for in projections, this is more than offset by the increased incentive to burn coal.

2.43 The oil price is also encouraging installations to keep running in the North Sea, or get up and running earlier – with associated emissions from offshore use of gas.

Quality of Data Systems Used

2.44 The National Environmental Technology Centre (NETCEN)[25] publishes an annual inventory on behalf of DEFRA of the historic greenhouse gas emissions in the UK, usually within fifteen months of the end of the calendar year in question. Data are available on an annual basis back to 1990 and are subject to the requirements of national statistics. Analysis by NETCEN indicates uncertainties in carbon dioxide emissions estimates are +/- 2%, and for the 'basket' of six greenhouse gases they are about +/- 15%. Provisional data on carbon dioxide emissions are estimated from energy data and published annually by the Department in Energy Trends in March following the end of the calendar year in question.

2.45 The level of projected emissions is dependent on the assumption of future economic growth. The modelling assumption for economic growth is compatible with HM Treasury current announced growth forecasts given in the last Pre-Budget Review (PBR) and Budget Statement. Data on renewable sources are available annually in the Digest of UK Energy Statistics.

Reliability of Energy supplies, Fuel Poverty and Energy Market competitiveness

Current Position

2.46 **Security of Supply:** The overall position on energy supplies was covered in the first Annual Report to Parliament (Section 172 Security of Supply report was published July 2005)[26]. This covers in detail the short and medium term outlook for the UK supply-demand balance, drawing on National Grid's preliminary outlook for the 2005-06 winter published by Ofgem for consultation. The UK gas market was tight this winter due to the decline of North Sea Gas production and insufficient utilisation of the gas interconnector to the continent. An EC investigation concluded that the lack of liberalised energy markets in Europe was a factor in supplies not reaching the UK. These factors, and higher global fossil fuel prices, have lead to higher spot gas prices.

25 http://www.netcen.co.uk/index.htm
26 http://www.dti.gov.uk/energy/publications/policy/sec_supply_first_report.pdf

2.47 Looking to the medium term Government and Ofgem continually monitor developments in the gas and electricity market through the Joint Energy Security of Supply Group (JESS). The group also looks for ways of helping the market to work effectively to secure energy supplies and provides information to market participants to help them plan investment decisions. A new National Grid website published in November provides daily updates on supply and demand levels which will help the energy industry plan and manage supply. It will also help energy buyers better understand how the market is operating.

2.48 **Fuel Poverty:** Progress against Government fuel poverty targets is published in an annual report (the UK Fuel Poverty Strategy Fourth Annual Progress Report[27], published April 2006). The number of households in fuel poverty in the UK as a whole fell by around 4.5million in the period 1996-2004, to a level of around 2million in 2004. In England, the number of vulnerable households in fuel poverty fell from around 5million in 1996 to 1million in 2003. However between 2003-06 the number of households in fuel poverty will have increased as a result of higher prices. This will make reaching the 2010 fuel poverty target more challenging. Analysis of the overall effects of changes in fuel prices and incomes, excluding consideration of energy efficiency improvements, suggests that the total number of vulnerable households in fuel poverty is likely to rise by around one million households in England between 2004 and 2006, with a proportional rise in figures for the Devolved Administrations.

2.49 **Competitiveness:** Despite rising domestic energy prices, and the international impacts of the increase in underlying fossil fuel prices, energy markets in the UK remain amongst the most competitive in the EU on both industrial and domestic electricity and gas prices. The latest report[28] confirms the number one ranking for 2003 for the competitiveness of the UK's energy markets, and indicates preliminary ranking in both gas and electricity markets at top position. Preliminary data[29] for 2004 confirms the position as being maintained.

2.50 The report suggests the UK is on course to remain within the top three most competitive markets in each year up to 2008. This has been due to early liberalisation of gas and electricity markets in the UK, and other countries' scores will improve as they implement EU market liberalisation directives.

2.51 Energy prices have increased in 2005 with domestic electricity prices, including VAT, rising by 9.4% in real terms between Q4 2004 and Q4 2005. Domestic gas prices, including VAT, rose by 14.8% in real terms over the same period. Average industrial electricity prices including the Climate Change Levy (CCL) rose in real terms by 40.3% between Q4 2004 and Q4 2005, while industrial gas prices including CCL rose by 72.1% in real terms over the same period. Indications are that in January 2006, prices in the UK were below the EU median for both domestic electricity and gas prices. For industry, indications are that prices will be above the EU median for all sizebands, except small and medium industrial electricity consumers. However, historically prices to industrial users have been below the

27 http://www.dti.gov.uk/energy/consumers/fuel_poverty/strategy_third_progress_report.pdf
28 http://www.dti.gov.uk/energy/inform/energy_prices/index.shtml
29 http://www.oxera.com/main.aspx

EU median, and right up to October 2005, prices were no higher than the EU median.

2.52 Prices are now rising mainly as a result of increasing wholesale gas prices, higher international coal prices, the recovery of wholesale electricity prices from unsustainably low levels and the introduction of the EU Emissions Trading scheme in 2005. Increases in oil prices are the main factor behind rising gas prices as the two are often contractually linked and increases in the price of gas affect electricity prices as gas is an important part of the UK generation mix. The main factors behind higher oil prices have been: strong growth in global oil demand, particularly (but not exclusively) in China; tight global production and refining capacity; market concerns about the continuity of supplies in key producing countries (e.g. Iraq, Saudi Arabia, Venezuela and Russia); and Hurricane Katrina in late August 2005 and Hurricane Rita in September 2005 forcing the shutdown of much of the Gulf of Mexico's crude output.

Factors Affecting Performance

2.53 **Security of Supply:** In the long term, as a result of declining UK Continental Shelf (UKCS) production, the UK will move to a large and growing import requirement by the end of the decade. Existing and planned import projects, were they all to proceed, would meet the annual shortfall in supplies from the UKCS well into the next decade and would be likely to come from a range of sources and variety of routes. There are also commercial proposals for a number of new gas storage facilities, which would substantially increase storage capacity in the UK by 2009, providing additional flexibility in order to meet winter peak demand for gas. Security of supply over the longer term will be one of the key issues to be looked at in the current Energy Review.

2.54 **Fuel Poverty:** The Department shares responsibility with Defra for this element of the PSA target. The main policy levers, such as Warm Front and the Energy Efficiency Commitment are the responsibility of Defra. While good progress has been made, recent energy price increases threaten our ability to meet Government targets on fuel poverty.

The Department is also taking forward work in the context of the Energy Review on the best way to tackle fuel poverty in light of rising energy prices. The Fuel Poverty Advisory Group in England published its fourth annual report this year, highlighting the need for consideration to be given to the resources needed to tackle fuel poverty, of ways to reduce prices to the most vulnerable households, and the importance of all Government Departments continuing to work together on the issue.

2.55 **Competitiveness/Prices:** There are a number of factors contributing to current energy prices, including the high oil price and tighter gas markets as the UK moves towards becoming a net importer. Gas is a major component of the UK fuel mix in electricity generation so movements in gas price are the largest factor behind electricity price increase. However major gas import projects are coming on–line over the next three years, which should help to mitigate the tightness in supply.

2.56 The Government strategy for gas markets aims to help all gas consumers by working towards full energy market liberalisation in the EU, and improving the workings of the market. As the energy market in Europe moves toward full liberalisation there will be further increases in competitive pressure in the UK and Europe.

2.57 The outlook for future oil prices remains uncertain, and Government continues to encourage producers and consumers to work together to improve market understanding and transparency.

Quality of Data Systems Used

2.58 JESS reports, published twice a year, contain data on gas and electricity supply margins. Consideration is currently being given to how JESS reporting in future could best supplement the new Section 172 report to Parliament on Security of Supply, and the Department's commitment to report to the European Commission under its Gas and Electricity Security of Supply Directives. Fuel poverty data are provided by the English House Condition Survey conducted on a continuous rolling basis. The 2003 figures for fuel poverty in England have been provided using an updated methodology from that previously used in progress reports following consultation and peer review[30]. Data on competitiveness are measured using a methodology developed with an external contractor, OXERA[31], and peer reviewed by energy market experts.

Related Target **SR02 PSA 4**

Ensure the UK ranks in the top 3 most competitive energy markets in the EU and G7 in each year, whilst on course to maintain energy security, to achieve fuel poverty objectives; and (joint with DEFRA) improve the environment and the sustainable use of natural resources, including through the use of energy saving technologies, to help reduce greenhouse gas emissions by 12.5% from 1990 levels and moving towards a 20% reduction in carbon dioxide emissions by 2010.

Assessment of Progress: ON COURSE

2.59 Only the sustainable use of natural resources element of this PSA is being reported on here. The rest of the PSA was rolled over into PSA 4 in SR04 and is reported on above.

Current Position

2.60 The latest new survey shows a slight fall in the total amount of waste from business, from 75million tonnes for 1998-99 to 73million tonnes for England and Wales in 2002-03. Of that total, 29.2million tonnes of waste were land filled in 2002-03, some 84% of the total to landfill of 35.6million tonnes in 1998-99.

2.61 For the first time, recovery (recycling, reuse and land recovery) has overtaken landfill as the most common method of waste management for industrial and commercial waste, with 24million tonnes being recycled, 7.5million tonnes being re-used and over 5million tonnes being incinerated or treated.

Factors Affecting Performance

2.62 The Waste Strategy Review 2005, led by DEFRA, gives an opportunity to reassess assumptions that have been made about costs, growth in waste and potentially achievable recovery and recycling rates. This can be based on new data, advancements in technology and a better understanding of the environmental, economic and social impacts of dealing with waste. Government aims to publish a renewed strategy in the first half of 2006, setting out the Government vision and strategic direction on waste for the next fifteen years, as well as the policies and actions to deliver the strategy.

Quality of Data Systems Used

2.63 Comprehensive information on Commercial and Industrial wastes is limited. Figures have been taken from

30 http://www.dti.gov.uk/energy/consumers/fuel_poverty/index.shtml
31 http://www.dti.gov.uk/energy/gas_and_electricity/competitiveness_structure/index.shtml

the Environment Agency's Commercial and Industrial Waste survey 2002-03. Separate, but linked, surveys of commercial and industrial waste in England and in Wales were undertaken to obtain information on the types and quantities of waste produced in 2002-03. Further information is available on the Environment Agency website[32].

SR04 PSA 5

Ensure that the EU secures significant reductions in EU and world trade barriers by 2008 leading to improved opportunities for developing countries and a more competitive Europe. Joint with the Department for International Development (DFID)

Assessment of Progress: SLIPPAGE

Current Position

2.64 NB: This PSA target is an evolution of a 2002 Spending Review (SR02) PSA target[33] that proved unachievable after the failure of the Fifth World Trade Organisation (WTO) Ministerial meeting in Cancun in 2003. This report covers both targets. Progress is assessed qualitatively. The assessment that there is slippage is based on the cumulative impact of the factors identified below.

2.65 The UK cannot deliver this target alone and relies on its credibility and influence both in the EU (the Commission and other Member States) and with key WTO members. Jointly with DFID and other interested Departments, the Department works through Ministers and officials to build effective relationships with opposite numbers in the EU and internationally, as well as consulting with business and civil society. In 2005 the Department concentrated on the opportunities provided by the UK, EU and G8 Presidencies to work towards a freer and fairer global trading system – focussing on the policies set out in the 2004 White Paper on Trade and Investment, particularly the role of trade in development, and on the recommendations of the Commission for Africa.

2.66 The main lever for meeting the target is the Doha Development Agenda (DDA), being negotiated in the WTO. The WTO Ministerial Conference in Hong Kong in December 2005 delivered enough progress to keep the prospect of concluding the DDA in 2006 alive. This included:

- Agreement on an end date of 2013 for all export subsidies in agriculture;
- Agreement on some issues of interest to Least Developed Countries (LDCs), such as duty and quota free access to developed country markets, cotton and on financial assistance through aid for trade. The establishment of a taskforce on Aid for Trade was agreed at Hong Kong, and a number of countries pledged financial assistance;
- Progress on trade facilitation, with an endorsement of the need to move to focussed drafting early in 2006. This will enable timely conclusion of text-based negotiations on all aspects of the trade facilitation mandate;
- A continuing rise in the number of initial and revised offers tabled on services. Although doubts remain about their quality, the offers provide a basis on which to continue negotiations and Hong Kong provided clear guidance on the objectives for these, alongside a new plurilateral element. Revised offers are due to be tabled in July 2006.

32 http://www.environment-agency.gov.uk/subjects/waste
33 Secure agreement by 2005 to a significant reduction in trade barriers leading to improved trading opportunities for the UK and developing countries.

2.67 Although agreement on the development package was important, it is not sufficient in itself and needs to be complemented by real trade reforms. There was little discussion on either increasing market access or reducing domestic support in agriculture and there was little real progress made on Non Agricultural Market Access (NAMA). This meant a disappointing outcome overall and means a real challenge – both to conclude the round as the Department had hoped and to meet the deadlines established at Hong Kong, in particular to deliver modalities on agriculture and NAMA by the end of April.

2.68 The Department remains committed to an ambitious and pro-development outcome. With the Commission the Department is working at intensifying bilateral contact to establish parameters of any likely outcome. The Department is engaging with other Member States as well as key WTO members.

2.69 Although significant, commitment to the DDA is not the only element in the trade policy mix to achieve delivery of the target. Other levers include a range of European bilateral and regional measures where the UK is working to deliver increased market access and reduce trade barriers. Progress in these areas has been mixed.

2.70 The Department is continuing to work towards WTO accession for current applicant countries. During the Presidency, the Department worked closely and successfully with the Commission on more advanced WTO accessions, such as Saudi Arabia, to narrow differences within the EU and has been urging applicant countries to take the necessary steps in order for them to meet WTO commitments and obligations that would make accession possible. Saudi Arabia acceded to the WTO in time for them to attend the Ministerial Conference in Hong Kong.

2.71 Agreement was reached in July/August to a new Generalised Scheme of Preferences (GSP) for 2006-15 intended to improve the preferential market access for developing country exports to the EU. On balance, the agreement was a good outcome that should help increase transparency and improve take-up and that embeds more firmly the principle of sustainable development.

2.72 There has also been increased EU engagement on Economic Partnership Agreements (EPAs) between the EU and developing countries. EPAs are being negotiated between the EU and the African, Caribbean and Pacific states (ACP) to replace the existing preferences, which operate under a WTO waiver that expires at the end of 2007. The Department and DFID produced a UK position paper on EPAs in March 2005. Since then an influencing strategy has been carried out which has worked well, particularly in encouraging engagement from other Member States. The Department used the UK Presidency of the EU to ensure that there was more and better dialogue on EPAs both with other EU Member States and with the European Commission about the shape these agreements should take through both the formal business of the EU and through informal networks of experts. The Department is now focusing on the 2006 Review of EPAs and consolidating its priorities for the review. These will be used to help influence debate on the Review within the EU over the coming months.

2.73 EU reforms to sugar and bananas regimes agreed in 2005 will erode the traditional preferences enjoyed by some ACP countries. Transitional assistance has been agreed for 2006, and the

Department is working across Government to achieve adequate transitional assistance for those affected for the period 2007-13.

Factors Affecting Performance

2.74 Delivery of this target depends on the actions of the EU (the EU has competence on all European trade issues) – and others, especially WTO Members. The UK contribution depends on its ability to influence these organisations. The WTO negotiations on the DDA have the potential to make the greatest contribution to achieving the target, although there are other non-DDA issues that contribute.

2.75 The Department actively engages with all parties interested in world trade issues. In particular, its Trade Policy Consultative Forum, chaired by the Minister for Trade, Investment and Foreign Affairs, meets regularly and brings together non Government Organisations (NGOs) including development charities, business associations, trade unions and consumer groups to discuss world trade issues.

2.76 The UK played an important role at the WTO Ministerial Conference in Hong Kong. During the EU Presidency, the UK played a key role in brokering consensus between Member States and in preserving the flexibility for Commissioner Mandelson to negotiate effectively.

2.77 The Department has continued with regular meetings of the Inter-Departmental group, set up to improve planning and operations on the DDA. This includes regular review of risks and contingencies. The Department has also worked across Government through the high-level strategy group, established in 2005, comprising representatives from across Whitehall and UKREP, and covers DDA and non-DDA trade issues. Through both fora, the Department has worked to agree objectives, develop its influencing strategy and ensure targeted and consistent effort.

Quality of Data Systems Used

2.78 This performance assessment is based on a qualitative assessment of progress. Performance is regularly reviewed and discussed with other Government Departments including HM Treasury, and this assessment has been agreed with them.

2.79 Quantitative assessment of changes in tariff and changes in the level of EU imports from least developed countries have not been made at this stage as they would not provide any useful guide to performance because of the time lag between policies being agreed and them taking effect.

SR04 PSA 6

Build an enterprise society in which small firms of all kinds thrive and achieve their potential, with (i) an increase in the number of people considering going into business, (ii) an improvement in the overall productivity of small firms, and (iii) more enterprise in disadvantaged communities

Assessment of Progress: ON COURSE

2.80 The overall assessment of progress is based on SR02 PSA 6, which was carried forward into SR04. It is too early to make an assessment of progress in the SR04 period.

SR04 PSA 6(i): An increase in the number of people considering going into business.

Current Position

2.81 In 2003, 11.3% of adults in England were considering going into business. This is not a statistically significant change on 2001 (11.6%). The target level is 14% by 2005, so there is slippage against this target. The target level for SR04 PSA 6 is for a statistically significant increase in the proportion considering going into business, which will be approximately 1%, depending upon survey sample sizes.

Factors Affecting Performance

2.82 The Global Entrepreneurship Monitor (GEM) found that between 2001 and 2002, there was a 30% reduction in total entrepreneurial activity (TEA[34]) across the world, arguably the effect of the World Trade Centre disaster and subsequent global recession. The drop affected the UK's business confidence, with the TEA index falling from 7.7 in 2001 to 5.4 in 2002. The UK has since recovered well, and the UK TEA index increased to 6.4 in 2003 and 6.3 in 2004 and is now the third highest in the G8, whilst in 2001 it was fifth. However, this is still below the 2001 level, mirroring the overall fall in business confidence and activity between 2001 and 2003.

2.83 Government has developed a range of interventions to increase interest in entrepreneurship, particularly amongst young people. These include the provision of enterprise education for all 14-16 year olds, the organisation of annual "enterprise weeks", and steps to interest students in enterprise as a career option. These are expected to help progress towards the SR04 target.

Quality of Data Systems Used

2.84 The data for this PSA measure comes from the Small Business Service (SBS) Household Survey of Entrepreneurship, managed by the SBS Analytical Unit. For each survey at least 6,000 adults in England are interviewed via the telephone by an external research organisation. It is not a National Statistics product but results are weighted to reflect the adult population in England, using Census of Population 2001 data.

SR04 PSA 6 (ii): An improvement in the overall productivity of small firms.

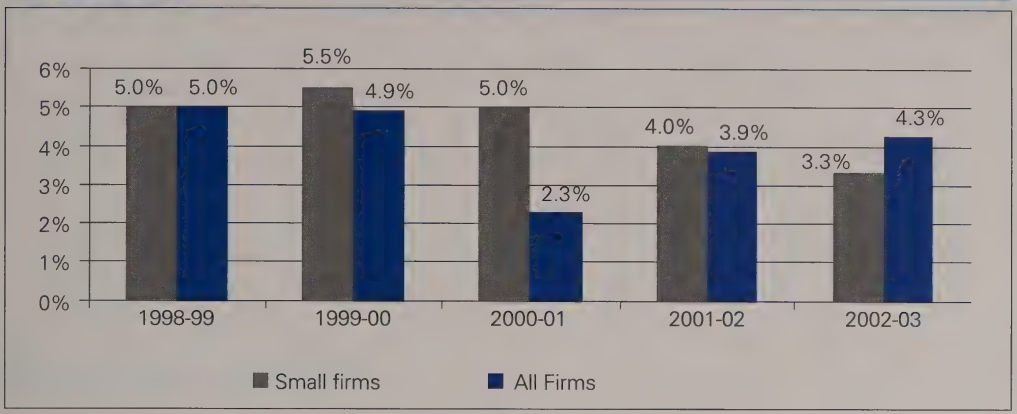
Current position

2.85 For each of the three years 1999-2002, the productivity of small firms[35] grew more than the productivity of all firms. For 2002-03, although the productivity of small firms grew again (by 3.3%), it did not grow as much as productivity in all firms (4.3%). However, overall, for the period 1998-2003, the productivity of small firms grew more than it did for all firms, so this measure is on course. Further data will be available summer 2006.

34 TEA measures the proportion of the adult population involved (i) in nascent (start-up) businesses and (ii) in new businesses which have been operating for up to 42 months.

35 Here, "small firms" means registered enterprises with 0 to 249 employees.

Figure 2.10 Year on year change in Productivity (gross value added per employee)



Factors Affecting Performance

2.86 The stronger improvement in all firms' productivity in 2002-03 relative to small firms was driven largely by performances in the business services sector, where large firm productivity growth was particularly high, at 14%, compared with 3% for small firms.

Quality of Data Systems Used

2.87 Productivity is measured using data from the ONS Annual Business Inquiry (ABI)[36]. This is a National Statistics product. The ABI is a large-scale annual survey of around 70,000 registered businesses in the UK, conducted in two parts, financial and employment. Businesses with more than 250 employees are surveyed every year, with smaller businesses surveyed less frequently to reduce the administrative burden on small firms. As with any sample survey, there will be sampling errors around any estimates from the ABI. However, sampling errors are small for the aggregates of the main ABI variables such as gross value added (GVA) and employees, and indeed the sample is specifically designed to achieve this.[37] As with many large-scale surveys, the processing time involved in such a large survey means that the data are not as timely as we would like. A statistical modernisation programme is currently underway at ONS, which we hope will improve the timeliness of this data.

SR04 PSA 6 (iii): More enterprise in disadvantaged communities:

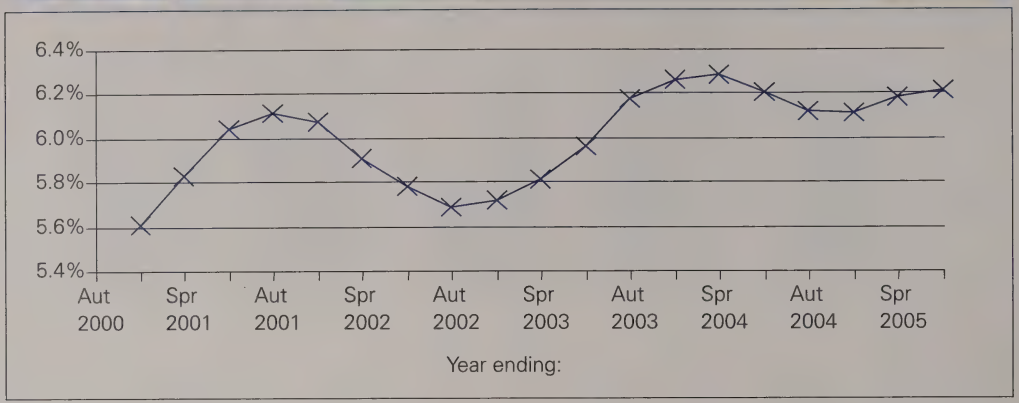
Current Position

2.88 Data for the whole of 2005 are not yet available and it is therefore not possible to assess progress in the PSA period. However, data up to summer 2005 are encouraging. In the year ending summer 2005, of all the people of working age living in the 15% most deprived wards in England, 6.2% were self-employed. This was higher than the average position over the previous four years, although the increase is close to the sampling error for the data, and the measure is not quite as high as the peak of 6.3% for the year ending spring 2004.

36 http://www.statistics.gov.uk/abi

37 The financial inquiry covers around two thirds of the UK economy. The coverage of the employment inquiry is wider. Therefore the productivity measure, which combines data from the two inquiries, excludes some sectors such as financial intermediation, health and education, where a GVA per employee measure is not available. Around a quarter of the businesses covered by the measure are in the primary, production and construction sectors, and the remaining three-quarters are in services (based on 2002 data).

Figure 2.11 People of working age in the 15% most deprived wards in England: proportion self-employed



Factors Affecting Performance

2.89 The reason for improvements in self employment rates in disadvantaged areas are not clear, although a number of recent initiatives at the national level aimed at stimulating enterprise in disadvantaged communities, such as the Phoenix Development Fund, Enterprise Areas and City Growth Strategies, may have played a role. Efforts to enable self-employment in deprived areas are underpinned by evidence that self-employment can improve employability however successfully attempted. More significantly, however, it is important in the longer term to stimulate economic development, providing more employment for local people. There has been an increased recognition of the potential role of enterprise in deprived areas by a range of bodies at the regional and local level. It should be noted however, that the rise in self-employment in disadvantaged communities has also been accompanied by a rise in self-employment in the other 85% of wards from 8.8% (year ending summer 2001) to 9.4% (year ending summer 2005). This suggests that one of the main reasons for the improvement is an increasing interest in self-employment across the country as a whole.

Quality of Data Systems Used

2.90 The ONS Labour Force Survey (LFS) is a sample of over 120,000 people in each three-month period, and is a National Statistics product. The sample sizes are not large enough to provide data for individual wards, but they are large enough to provide data for all the most deprived wards in England. The deprived wards are identified using the indices of deprivation from 2000, produced by the then Department for the Environment, Transport and the Regions (DETR) and now held by the Office of the Deputy Prime Minister (ODPM). The ODPM website[38] describes how these were created for every ward in England and how DETR consulted users over their suitability.

2.91 ODPM have since published the 2004 indices of deprivation, but these give a deprivation measure for each Super Output Area (SOA), rather than for each ward, and the LFS data does not contain

38 www.odpm.gov.uk/indices

SOAs for before 2005. If SOAs are added to LFS data, then consideration will be given to re-defining disadvantaged areas with the 2004 indices. LFS data for winter 2003, summer 2004 and winter 2004 does not currently contain the required wards either, so data for these quarters have been estimated using adjacent quarters. If these data become available, they will be used, and the above graph data for years ending winter 2003 onwards will be revised.

Related Target: **SR02 PSA 6 (iii)**

More enterprise in disadvantaged communities.

Assessment of Progress: ON COURSE

Current Position

2.92 In 2004, there were 28 VAT registrations per 10,000 resident adults in the 20% most deprived areas in England, compared to 42 VAT registrations per 10,000 resident adults in the 20% least deprived areas. This is a gap of 35%.

2.93 In every year since 2000, with the exception of between 2001-02, the gap in VAT registration rates has narrowed between the most and least deprived areas. Overall, there has been a 5.2% narrowing of the gap, which is more than the 4% target set for this stage, since the target is for a 1% narrowing of the gap per year.

Factors Affecting Performance

2.94 The widening of the gap between 2001-02 occurred even though there was more enterprise in deprived areas, since VAT registration rates increased more in the least deprived areas. Over the period 2000-04, VAT registration rates in the most deprived areas have increased from 25 to 28 VAT registrations per 10,000 resident adults whilst rates in the least deprived areas have fluctuated but have returned to the original starting position of 42 per 10,000 adults.

2.95 Because businesses are not compelled to register for VAT until their turnover reaches the VAT threshold (which rose to £60,000 on 1 April 2005), this measure does not capture all enterprise activity. While some businesses will register for VAT as soon as they start, others may not register for several years. This is why SR04 uses a different measure (SR04 PSA 6 (iii) above) for enterprise in disadvantaged communities.

Figure 2.12 VAT registration rates (registrations per 10,000 resident adults) in the most and least deprived areas in England, 2000-04.

Year	Rate – most deprived	Rate – least deprived	Gap in rates (%)	Annual change in gap (%)	Cumulative change in gap (%)
2000	25	42	40		
2001	25	40	36	-3.8	-3.8
2002	26	43	38	2.2	-1.7
2003	29	45	37	-1.3	-3.0
2004	28	42	35	-2.2	-5.2

Quality of Data Systems Used

2.96 Three data sources are used to produce this measure:

- VAT registrations. Estimates produced from the ONS Inter-Departmental Business Register (IDBR)[39], a National Statistics product;
- Adult population, all people aged sixteen and over. Estimates produced by the ONS (mid-1998 estimates), a National Statistics product;
- The ODPM Index of Multiple Deprivation 2004, described in SR04 PSA 6 (iii) above.

 The original target was set using the Index of Multiple Deprivation 2000. This Index is based upon 1998 wards, which are no longer held on the IDBR. The target now uses the Index of Multiple Deprivation 2004. This Index is based upon SOAs, which are held on the IDBR.

Related Target: **CSR98 PSA 4**

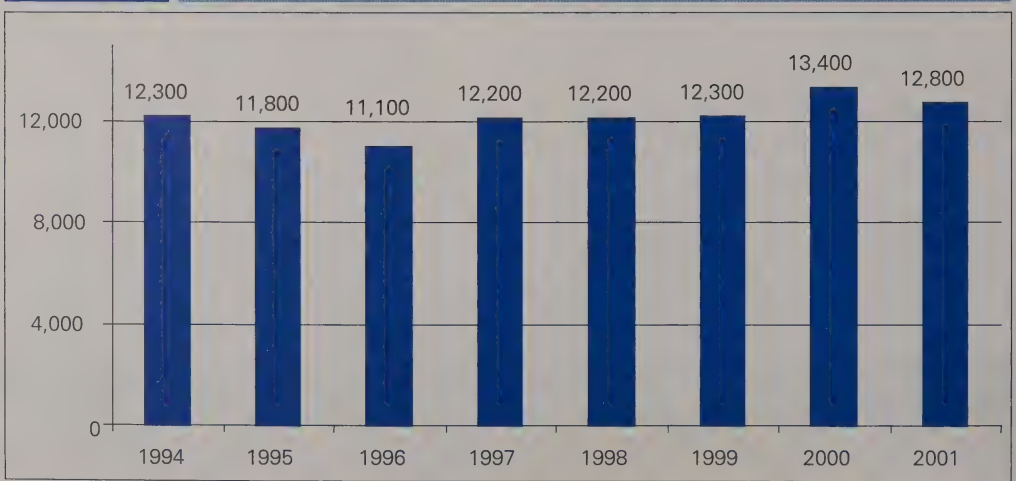
To secure an increase in the number of high growth business start-ups.

Assessment of Progress: ON COURSE

Current Position

2.97 After a decline in the number of high-growth start-ups over the period 1994-96, the number of high-growth start-ups increased to a peak of 13,400 in 2000. Provisional data for 2001 shows 12,800 high-growth start-ups, slightly down on 2000. Final data for 2001 will be available in autumn 2006 when the final assessment will be made regarding progress between 1994-01 registrations.

Figure 2.13 Number of high growth start-ups in the UK by year of Start-up (VAT registration)



39 http://www.statistics.gov.uk/idbr

Factors Affecting Performance

2.98 Progress towards this target is assessed by estimating the number of VAT registered firms with a turnover of over £1million and/or ten or more employees four years after registering for VAT.

2.99 Over the whole period, around 7% of all new VAT registrations became high-growth start-ups. Although the provisional 2001 figure is lower than the 2000 figure, 7.6% of all VAT registrations were high-growth compared to 7.5% in 2000. This proportion is the highest in the series, and a sign that slightly more registrations are growing faster.

2.100 The increase in high-growth start-ups over the period has been focussed in just one sector, business services, which accounted for 32% of high-growth start-ups in 2001, an increase from 22% of all high-growth start-ups in 1994. Decreasing levels of high-growth start-ups have been seen in manufacturing and wholesale, retail and repairs. These two sectors collectively accounted for 38% of high-growth start-ups in 1994 and 29% in 2001. Other sectors have seen little change since 1994.

SR04 PSA 7

Make sustainable improvements in the economic performance of all the English regions by 2008 and over the long term reduce the persistent gap in growth rates between the regions, demonstrating progress by 2006. Joint with HM Treasury and the Office of the Deputy Prime Minister (ODPM)

Assessment of Progress: ON COURSE

Current Position

2.101 There is emerging evidence of encouraging progress on enhancing regional economic performance and reducing the persistent gap in growth rates between the regions. Regional Gross Value Added (GVA) per capita data show that all English regions grew in 2003 and 2004 and that the poorer performing regions narrowed the gap in growth rates with London, the South East and East. A full assessment of trends in regional economic performance and disparities will be fully determined when the current economic cycle is complete.

2.102 In 2004, the average GVA growth rate per capita for the top three regions was 3.5 per cent compared to 4.6 per cent for the bottom six regions.

2.103 This progress is underpinned by two broad strands. Firstly, the Government has put in place a macroeconomic framework designed to maintain long-term economic stability and help businesses and individuals plan for the future, and secondly, the Government has introduced microeconomic reforms to address the five drivers of productivity (skills, investment, innovation, enterprise and competition) and to encourage people into work by making work pay.

2.104 Progress on narrowing the gap in growth rates between regions has been partly due to strong employment growth in the North. By 2005, the average employment rate for the North, Midlands and South West regions had risen to within 0.5 per cent of the average employment rate for London, South East and East. This compares

with a gap of over 2 per cent in 2001. The skills gap between the top three regions and bottom six regions – as measured by the percentage of the working age population trained to National Vocational Qualification Level 2 or above – has also narrowed from 4 per cent in 2001 to 2.7 per cent in 2005.

2.105 As set out in HM Treasury's 2004 Technical Note, the Government will report on performance against the regional economic performance target this year[40].

2.106 The Government has announced a review to feed into the 2007 Comprehensive Spending Review to explore the opportunities for further releasing the economic potential of English regions, cities and localities, and to respond more effectively to the ongoing challenge of tackling pockets of deprivation.

2.107 More information on the targets and baselines used to measure performance of this PSA are available in the technical note[41].

Factors Affecting Performance

2.108 Important measures in 2005-06 to deliver the target by stimulating regional economic performance, improving the regional evidence base that informs policy and increasing regional input into national policy, include:

- reviews by six of the nine English regions, which have refocused their Regional Economic Strategies. The RDAs have worked with regional and local partners to ensure that the reviews result in robust, realistic and evidence based strategies that will help each region make the most of their particular opportunities and respond to their particular challenges;
- indicative regional funding allocations across the inter-related areas of transport, housing and economic development to enable regions to align better their strategies and enhance their input into public spending decisions that affect the regions;
- a programme of transformation for the regional Government Office network, though the *The Review of Government Offices*, which provides for more strategic, streamlined Government Offices to support and challenge regional strategies;[42]
- next steps to strengthen devolution, performance management and accountability in the RDAs, including an independent assessment conducted by the National Audit Office and based on the Initial Performance Assessment (IPA) of the London Development Agency. This will be rolled out from 2005-06;
- publication of *Devolving decision making: 3 – Meeting the regional economic challenge: The importance of cities to regional growth*, which analyses the contribution that cities make to regional economic performance;[43]
- next steps to take forward the Northern Way growth strategy, including new science research centres, skills pilots and transport interventions, and a business plan to implement the £100 million Growth Fund;
- an agreement between the RDAs and the Office for National Statistics to work in partnership to deliver a full regional statistical presence by March 2007, an

40 *Technical Note for the HM Treasury Public Service Agreement (PSA) 2005-2008*, HM Treasury, 2004.
41 http://www.dti.gov.uk/pdfs/psa_7.pdf
42 *Review of Government Offices*, HM Treasury, Office of Deputy Prime Minister, March 2006.
43 *Devolving decision making: 3 – Meeting the regional economic challenge: The importance of cities to regional growth*, HM Treasury, Department for Trade and Industry and Office of Deputy Prime Minister, March 2006.

important step towards implementing Christopher Allsopp's recommendations on improving statistics for regional economic policy; and

- continued input from the RDAs on central Government policy decisions. The RDAs gave advice on rationalising business support; creating links between national and regional frameworks on innovation; and increasing private investment in economic regeneration. Budget 2006 responded in full to this advice, including by announcing that the Government will work with the RDAs and other local and national bodies to reduce the number of business support services from around 3,000 now to no more than 100 by 2010.

Quality of Data Systems Used

2.109 Performance against this target is measured through estimates of the trend rate of growth in GVA per head in each region for the period 2003-08. The gap in growth rates is measured by comparing the average growth rate of regions that currently have above average GVA per head with the average growth rate of regions that currently have below average GVA per head. The regional GVA series is produced by ONS and meets all National Statistics quality criteria. There are 21 PSA indicators, coming from a variety of sources and drawing as far as possible from relevant indicators in other PSA targets, which contribute to regional economic performance. The PSA Steering Group keeps this list of indicators under review, and supplements and amends it where necessary.

SR04 PSA 8

By 2008 deliver a measurable improvement in the business performance of UK Trade & Investment's international trade customers, with an emphasis on new to export firms; and maintain the UK as the prime location in the EU for foreign direct investment. Joint with the Foreign and Commonwealth Office (FCO).

Assessment of Progress: ON COURSE

2.110 Responsibility for delivering PSA target 8 lies with UK Trade & Investment. For more detailed information on this target and performance against the following indicators, please see UK Trade & Investment's 2006 Annual Report.

Current Position

2.111 **Indicator (i)** At least 40% of new-to-export firms assisted by UK Trade & Investment improve their business performance within two years (on course).[44]

2.112 **Indicator (iii)** At least 50% of established exporters assisted by UK Trade & Investment improve their business performance within two years (on course).[45]

2002 Annual Result	2003 Annual Result	2004 Annual Result	Qtrs 1 – 3 2005-06 (cumulative)
30%	35%	30%	35%

44 This indicator was preciously 30% in the SR02 period. For the SR04 period, reports will be for financial rather than calendar years.
45 This indicator carries over from the SR02 period. For the SR04 period, reports will be for financial rather than calendar years.

2002 Annual Result	2003 Annual Result	2004 Annual Result	Qtrs 1 – 3 2005-06 (cumulative)
52%	43%	43%	57%

2.113 **Indicator (iii)** At least a 30% increase by 2007-08 in the proportion of UK Trade & Investment trade development resources focused on new-to-export firms (on course). Focus continues on shifting resources to new-to-export firms.[46]

2.114 **Indicator (iv)** Improve the UK's ranking within Europe in terms of the GDP-adjusted stock of EU foreign direct investment based on the United Nations Conference on Trade and Development (UNCTAD) World Investment Report (on course). The UNCTAD World Investment Report, September 2005, confirmed the UK remained the number one inward investment destination in Europe. The UK GDP-adjusted ranking increased from a revised ranking of thirteenth in 2003 to eleventh in 2004.

2.115 **Indicator (v)** 374 (in 2005-06), 440 (in 2006-07) and 524 (in 2007-08) successful inward investment projects secured by UK Trade & Investment in each year of the spending review of which 75% are knowledge driven (on course). 325 successes, ahead of target, were reported at Q3 2005-06 by Posts; final figures will be validated for publication in the July 2006 'UK Inward Investment 2006-07' report. Currently 74% of these are knowledge-driven.

2.116 **SR2002 major overseas project indicator** At least 70% of firms receiving assistance with major overseas projects reporting that the Department's help was a significant factor (on course). Note that this indicator loses its PSA indicator status in April 2006.

46 Note that this increase is against a backdrop of declining trade-side expenditure, as resources are switched to inward investment. The net effect is that funding to new-to-export companies will remain broadly unchanged in real terms.

2002 Annual Result (January 2003 survey)	2003 Annual Result (January 2004 survey)	2004 Results (Survey carried out quarterly during 2004)	2005 Results
58%	61%	Q1 36% Q2 80% Q4 76% Q3 68%	Q1 76% Q3 64% Q2 72% Q4 72%
	Annual result	65%	71%

2.117 Information on factors affecting performance and the quality of data systems used in tracking these indicators, can be found in UK Trade & Investment's Annual Report.

SR04 PSA 9

By 2008, working with other Departments, bring about measurable improvements in gender equality across a range of indicators, as part of Government objectives on equality and social inclusion.

Assessment of Progress: NOT YET ASSESSED

2.118 While the Department has responsibility for the PSA, this is a crosscutting target for which much of the delivery rests with other Government Department's. The role of the Department is to influence successful performance and to provide targeted interventions where risks are identified.

2.119 In moving forward from SR02 to the SR04 delivery period of the Gender Equality PSA, the Department has recognised the need to exert greater leverage in Departments with responsibility for individual targets, which is reflected in the move to a cross-Government Delivery Board. The aims are to develop greater accountability for the targets, to foster a shared understanding of the common goal of the gender equality PSA, and to continue to drive delivery; particularly where there are competing priorities within Departments.

2.120 The Department is working to consolidate its position through Whitehall, and extending its remit beyond (where appropriate to the delivery of targets) such as working with Police Forces to increase reporting of domestic violence incidents. Greater effort has also been made to identify strategic links across the Department through existing business delivery mechanisms, and to influence potential delivery agents such as RDAs.

2.121 The Department will continue to work through the high-level SR04 Delivery Group, particularly over the next six months, to increase its scope across Whitehall, and beyond, as an influencing agent for PSA delivery.

Current Position

2.122 There are nineteen measurable indicators for this PSA target (building on the original twelve under the Gender Equality PSA SR02). Many are new targets reflecting the Minister for Women's priorities. The target has 11 sub-targets, grouped under three headings and the tables below show the current position for each sub-target. A more detailed explanation of the baselines and targets for the indicators is available in the technical note[47].

47 http://www.dti.gov.uk/pdfs/psa_9.pdf

Figure 2.14 Measures and Outcomes used to assess delivery of SR04 PSA 9 Women's Economic Participation and Advancement

Target in 2008	Baseline	Latest out-turn	Assessment
1(i) Flexible Working – Employee awareness			
60%	52% (2003)	65% (April 2005). 2008 target already exceeded.	Ahead
1 (ii) Flexible working – Employer provision			
54%	44% (2003-04)	68% of employers with > 5 employees	Ahead
2 Employers provision of childcare			
16%	8% (2003 work life balance survey)	First data expected late 2006 early 2007	Not yet assessed
3 Equal pay reviews			
45%	18% (2003)	34% of large employers have completed (2005). Slower than hoped for.	Still on course
4 (i) Under-represented sectors – Women in Science Engineering and Technology (SET)			
40%	23% (2003)	Latest out-turn: 26% (March 2005). Target rolled over from SR02.	Slippage
4 (ii) Under-represented sectors – Women who are newly self-employed			
Significant increase	32% (2003-04)	34% of all newly self-employed people in the year ending November 2005 were women. The number of self-employed women continues to rise and in autumn 2005, it was 3% higher than a year earlier compared to 0.5% higher for men.	Progress
4 (iii) Under-represented sectors – Women in Information, Technology, Electronics and Communications (ITEC)			
UK matches the best of our competitors	To be agreed when comparable international data is obtained.	First international bench-marking data expected spring 2006. There is a low percentage of women in ITEC internationally and UK share is at a similar level to European competitors	Not yet assessed
5 Apprenticeships – Increase boys and girls at NVQ levels 2 and 3 where underrepresented			
(i) Family care/personal development/ personal care			
Increase from Baseline	20,100 girls awarded an NVQ Level 2 and 5,400 level 3. Compared with 1,700 boys awarded an NVQ at any level in these subjects.	First data expected spring 2006	Not yet assessed
(ii) Health care/medicine/health and safety			
Increase from Baseline	28,200 girls awarded an NVQ level 2 24,300 were awarded a Level 3 compared with 3,400 and 5,300 boys respectively.	First data expected spring 2006	Not yet assessed
(iii) Construction and property (built environment)			
Increase from Baseline	Less than 1,000 girls awarded an NVQ at any level in construction and property compared with 20,600 boys at level 2 and 11,500 at level 3.	First data expected spring 2006	Not yet assessed

Figure 2.14 Measures and Outcomes used to assess delivery of SR04 PSA 9 Women's Social and Civic Inclusion

Target in 2008	Baseline	Latest out-turn	Assessment
6 Proportion of women on public bodies			
40%	34% (2002)	35% (March 2005)	Slippage
7 (i) Senior civil service (SCS) – Women in SCS			
37%	26.4% (April 2003)	29.1% (April 2005). Remains a significant challenge although percentage of women in the SCS has been rising steadily over last 18 months	On Course
7 (ii) Senior civil service – Women in top management posts			
30%	22.9% (April 2003)	25.5% (April 2005) This includes three women at Perm Sec level. CS well positioned to meet 2008 target.	On Course

Figure 2.14 Measures and Outcomes used to assess delivery of SR04 PSA 9 Women's access to and experience of public service delivery

Target in 2008	Baseline	Latest out-turn	Assessment
Reducing proportion of children in households where no-one is working			
8 (i) Increase stock of Ofsted registered childcare			
Increase by 10%	250,00 new places in 2003. Places for 1.8million children by April 2004	Recent Ofsted figures for July-September 2005 show a 10.7% increase on the March 2004 baseline. PSA target reached.	Ahead
8 (ii) Increase take up of formal childcare by lower income families.			
Increase by 50%	To be agreed and based on Households Below Average Income (HBAI) data drawn from DWP's Family Resources Survey	First data expected spring 2006.	Not yet assessed.
8 (iii) Introduce by April 2005 a successful light touch childcare approval scheme.			
To introduce the scheme	N/A	Scheme established April 2005.	On Course
9. Domestic violence – Increase % of reported incidents, power of arrest/arrests made			
Increase from baseline	58%	First data expected spring 2006. Rolled over from SR02. This indicator is affected by legislative changes. The Department is exploring options with the Home Office.	Not yet assessed.
10. Coverage of second tier pensions for women			
Increase from baseline.	26% of males and 24% of females.	End 2006 (for financial year 2004-05)	Not yet assessed.
11. Improve accessibility, punctuality and reliability of local public transport (bus and light rail).			
Increase from baseline.	Increase public transport use in England for men and women by more than 12% by 2010 from 2000 levels with growth in every English region.	2000-01 – 2004-05 patronage figures show growth of 8%. Six of nine regions are still experiencing decline.	12% target is likely to be achieved, growth in every region looks more doubtful.

Factors Affecting Performance

2.123 There has been a percentage decline of women in ITEC in recent years in many countries. For example a recent USA IT Association study estimated that women working in IT in the USA fell from 40% in 1996 to 32% in 2004. The Department is undertaking up to date international research to benchmark the UK's indicators against competitors. In addition, the Department continues to work with key partners to develop the evidence base and influence the ITEC industry in the UK by promoting the business case for diversity.

2.124 The 2005 Gender Equality Steering Group Event focused on improving the domestic violence indicator through raising awareness of the need for robust reporting systems for individual police forces, as scope exists for real improvements in this area. It also highlighted the requirements of the forthcoming gender duty, which strengthen the case for high quality data provision across the public sector. Although legislative changes have since affected the proxy measure for this target, the need for consistent good quality data remains.

Related Target: **SR02 PSA9**

By 2006, working with all Departments, bring about measurable improvements in gender equality across a range of indicators, as part of the Governments objectives on equality and social inclusion.

Assessment of Progress: Slippage

Current Position

2.125 The majority of indicators and measures for this target were rolled into SR04 PSA 9 with increased targets and are reported on in detail above. Currently five of the twelve indicators are ahead or on course and seven are showing slippage. Targeted interventions have been undertaken in many areas where there is a risk to delivery to stimulate activity. A more detailed explanation of the baselines, targets and measures is available in the technical note[48]. The chart below gives a brief summary of performance.

48 http://www.dti.gov.uk/about/psa/psa_target_9.htm

Figure 2.15 SR02 PSA 9 Performance against targets

Sub-target	Target	Assessment
1. **Flexible working** *Employee awareness*	56%	Ahead
2. **Flexible working** *Employer provision*	50%	Ahead
3. **Equal pay reviews**	35%	On course
4. **Under-represented sectors** *Women in SET*	40%	Slippage
5. **Under-represented sectors** *Business Link users*	40%	Slippage
6. **Under-represented sectors** *Women in ITEC*	Increase from baseline	Slippage
7. **Public bodies**	40%	Slippage
8. **Senior civil service** *Women in SCS*	35%	Slippage
9. **Senior civil service** *Women in top management posts*	25%	Ahead
10. **Judicial Appointments**	Increase from baseline.	Slippage
11. **Childcare**	250,000 new places	Exceeded
12. **Domestic violence**	Increase from baseline	Slippage

Factors Affecting Performance

2.126 Target 5 is that by 2006, women will account for 40% of customers using Government sponsored business support services. In 2004-05, 31.7% of Business Link customers were women owned businesses up from 29.6% in 2003-04.

2.127 The 2004-05 figure for the appointment of women to the judiciary shows slippage at 31%, however this is still an improvement on the 2002-03 dip to 30.7%. The figure for the six-month period from April 2004 to September 2005 stands at an encouraging 46%. During 2003 and 2004, efforts were made to increase awareness about the judicial appointments process including a number of initiatives aimed at improving procedures and encouraging applications from a wider pool of applicants.

2.128 Improvements to the appointments system have served to increase the professionalism and transparency of the appointments process. Following last years pilot, assessment centres have now been introduced for all deputy district judge competitions. It is envisaged that this system will increase the diverse make-up of the judiciary, as more areas can be explored than by interview alone.

2.129 On the domestic violence measure, current findings for 2004-05 show minor slippage, though not one of statistical significance (57.4% for 2004-05, a 0.4% drop from the baseline figure of 57.8% which was rounded up to 58%). However, the Serious and Organised Crime Act, which came into force on the 1 January 2006 affects the proxy indicator used to measure this target.

2.130 Data for 2005-06 and beyond will not be directly comparable to that already collected. Until data from January and February 2006 are analysed, it is unclear exactly how the figures will be affected. The Department is exploring options with the Home Office.

2.131 Statistics show that women studying SET disciplines at Higher Education level are still under-represented in certain disciplines, resulting in a lack of senior women eligible to sit on SET boards. There are also barriers to women reaching senior SET positions even in areas in which at graduate level they are over-represented. This is sometimes due to caring responsibilities and the criteria for career progression. Within biosciences for example, when women take time off to raise children, their publication rates go down and there is a view that they have lost touch with the science. As a result, the pool of women who do reach senior positions is small, and the available female board members are invariably overused, sitting on several boards as the female representation.

2.132 Launched in September 2004, the UK Resource Centre for Women in Science, Engineering and Technology (UKRC) is the principal tool in helping to achieve this target. UKRC has initially concentrated on 'the supply side', recruiting female SET experts to a database and increasing awareness of opportunities available. In January 2006, the UKRC launched their new database, 'Get set Women'. They plan to recruit 2000 women to the database within 18 months. The completed mapping of identified SET boards is a precursor to 'demand side' working with Government bodies and a detailed strategy is being formulated. An increase in female SET graduates to 30.2% in June to August 2005 from 26.3% in 2003 indicates a growing pool of potential candidates. UKRC launched the Return campaign in April 2005 to help women with the full range of experience return to a career in SET.

2.133 As part of this the Returners Package offers high quality information, support and services to skilled women who want to resume careers in SET or the built environment after a break. A feature of the package is the Open University T160 course which is designed to help women regain important SET workplace skills, develop their CVs and have special access to scientific journals via the OU library. Mentoring and networking are also included. in f this package. Links to work experience schemes and direct matching with employer vacancies are the next phase, along with support for employers to create more flexible employment options for returners. Employers can benefit from the campaign by taking up advice on good practice.

2.134 For the women in public bodies indicator, the recently published figures on the Public Bodies Database indicate that some slippage has occurred on this target with the latest out turn being 35%.[49] This suggests that it is unlikely that the majority of Departments will have 40% women appointees this year. For both "Ministerial" and "All" appointments, only four Departments have a percentage of women appointees above 40%. These are the Department for Education and Skills (DFES), the Department for Work and Pensions (DWP) the Home Office and the Department of Health.

2.135 The Cabinet Office will no longer be publishing individual Departmental plans in *Delivering Diversity in Public Appointments*. The Government response to the Tenth Report of the Committee on Standards in Public Life, published in December 2005, accepted in part the recommendation that Departments should publish annual public appointment plans.

49 Cabinet office reported an error with the previous 2004 data submitted by departments, which resulted in an incorrect figure of 37.5% being published. The correct figure for 2004 is 35.9%.

Quality of Data Systems Used

2.136 A number of different data systems are used to measure this target's indicators (both SR02 and SR04). These include surveys carried out by independent bodies on behalf of the Department, such as the Work Life Balance Survey, and statistics collected by other Government Departments, such as the Cabinet Office and the Home Office. The Department has identified limitations in data sources and are actively working with other Government Departments to tackle this through a series of bi-laterals. In particular the Department is consulting with the Home Office to address the impact of legislative changes on meaningful measurement of its domestic violence indicator.

SR04 PSA 10

By 2008, promote ethnic diversity, cooperative employment relations and greater choice and commitment in the workplace, while maintaining a flexible labour market

Assessment of Progress: NOT YET ASSESSED

Current Position

2.137 This is a new PSA target that came into effect in April 2005. It has proved too early in the reporting cycle to make an assessment of progress on delivery. The target reflects the Department's desire to promote good employment relations and fairness in the workplace. Further information on the targets and measures that underpin the PSA are available in the technical note.[50]

Five sub-targets underpin the PSA:

Raising the self-employment rate of under-represented ethnic minorities, relative to that of other groups.

2.138 The data to monitor ethnic minority enterprise comes from the Labour Force Survey. Spring data are available in July, summer in October, autumn in January and winter in April. The baseline for the percentage point gap between the rate for all other groups and the rates for under-represented groups excluding Indian and Pakistani is 4% (winter 2004). By autumn 2005 the gap had fallen to 3.7% (see graph opposite). This is encouraging but it is too early to assess whether this is part of a long-term trend. The cause of the fall is a rise in the self-employment rate of under-represented groups (by 0.2%) while the self-employment rate of other groups has remained static.

Reducing the incidence of racial discrimination at work reported by ethnic minority employees.

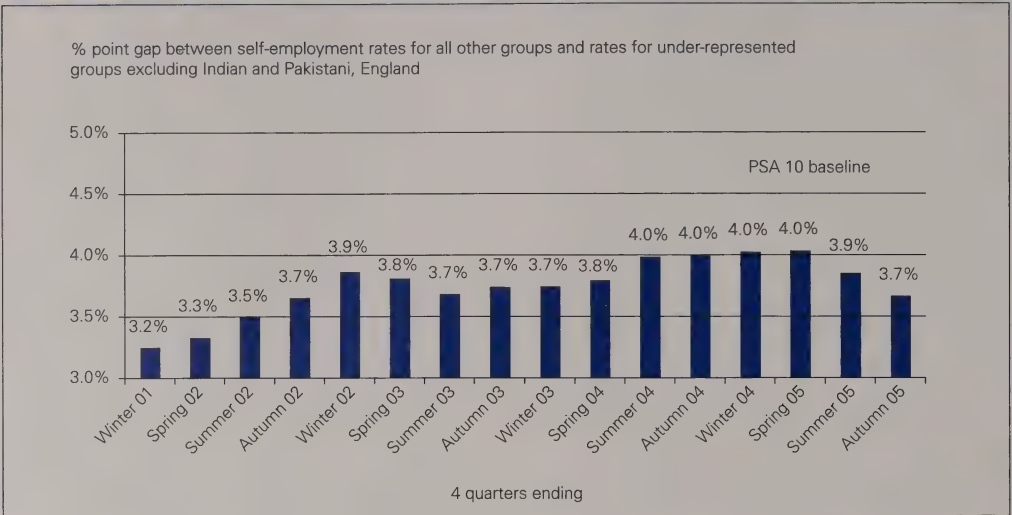
2.139 The baseline will be drawn from the Department's Fair Treatment at Work Survey. Fieldwork completed in in January 2006, with final results published in May 2006. The survey will be carried out every two to three years.

Maintain and improve the overall level of UK labour market flexibility.

2.140 An Index of Labour Market Adaptability (ILMA) is under development by the Department's Employment Market Analysis and Research team (EMAR). The index will have three elements, (i) production function flexibility, which will include labour-input flexibility, (ii) labour cost flexibility which will include wage flexibility, unemployment flexibility and

50 http://www.dti.gov.uk/pdfs/psa_10.pdf

Figure 2.16 % point gap between rates for all groups and rates for under-represented groups excluding Indian and Pakistani



union flexibility, (iii) supply side flexibility including indicators of labour mobility. A proposed methodology and national time series will be available in the first half of 2006 for discussion with HM Treasury. Once agreed, this index series will be updated annually.

Significantly increase the number of employees that have information and consultation procedures.

2.141 The original baseline for this target came from the 1998 Workforce Employee Relations Survey (WERS). Work is underway to update this baseline with data from the 2004 WERS, and to review the proposed trajectory.

Significantly increase the number of economically active people of working age who feel well or very well informed of their rights at work.

2.142 The initial baseline for this target came from a Department commissioned survey in 2000 of 1000 individuals who were economically active. EMAR has recently conducted a second survey, the results of which will be used to revise the baseline and to establish a trajectory for this sub-target. It is anticipated that a third survey will be carried out in 2009.

Factors Affecting Performance

2.143 The ethnic minority enterprise data (above) does indicate a slight improvement in the position over the last quarter. But this is unlikely to be statistically significant. The target is a challenging one; the self-employment rates of under-represented groups will need to rise significantly more than that for the white population to decrease the gap. In addition, the age profile of the two groups is a factor with under-represented groups having a greater proportion of young people.

Quality of Data Systems Used

2.144 As this PSA is new and baseline data are not yet available, a clear trajectory for each sub-target has yet to be plotted with targets being set for the key measures. Systems are still being put in place to effectively measure progress and set the trajectory. These include:

2.145 Fieldwork for the second Information, Awareness and Knowledge of Employment Rights Survey has been completed, and results are due to be published in April 2006. Fieldwork for the 2004 WERS has been completed. The full dataset and technical report will be lodged with the UK Data Archive in November 2005, with the sourcebook due for publication in July 2006.

2.146 EMAR have designed and commissioned a new Fair Treatment at Work Survey. This survey will for the first time provide benchmarks for employees' experience of discrimination at work across all the equality strands. Fieldwork was completed in January 2006, with final results due to be published in May 2006.

Related Target: **SR02 PSA10**

In the three years to 2006, taking account of the economic cycle, increase the employment rate and significantly reduce the difference between the overall employment rate and the employment rate of ethnic minorities.

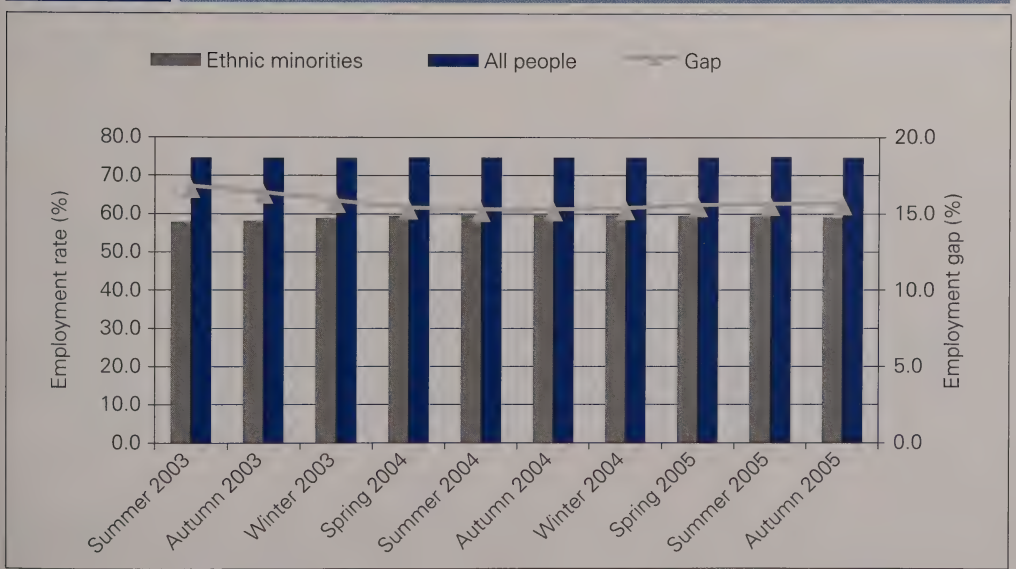
Assessment of Progress: ON COURSE

Current Position

2.147 Latest estimates (the four quarter average to autumn 2005) show an ethnic minority employment rate of 59.1% and a gap against the overall employment rate of 15.7%. In relation to the target's baseline (four quarter average to spring 2003) of 57.8% and 16.9% respectively, this represents a 1.5% increase in the employment rate and a 1.3% decrease in the employment gap with the overall workforce.

The figure below shows the progress against this target over the two years to autumn 2005. All figures are four-quarter averages.

Figure 2.17 Ethnic minority employment rates and gap with overall UK rates



Factors Affecting Performance

2.148 It is hard at this stage to say whether this improvement has been due to Government policy or to other factors, as the improvement in labour market performance is somewhat higher than predicted. Joint working across Whitehall, including with the DWP who share responsibility for delivering the PSA and provide the secretariat for the Ethnic Minority Employment Task Force (EMETF) is effective and will continue. The Department's contribution to the Task Force is critical, particularly in engaging with business in looking at ways to tackle systemic discrimination and promote equality and diversity in the workplace.

Quality of Data Systems Used

2.149 The dataset used to measure progress is the Labour Force Survey, a quarterly survey of 60,000 households in the UK. In order to reduce sampling errors to a minimum, four-quarterly averages of the employment rates are used.

SR04 PSA 11

Reduce the civil nuclear liability by 10% by 2010, and establish a safe, innovative and dynamic market for nuclear cleanup by delivering annual 2% efficiency gains from 2006-07; and ensuring successful competitions have been completed for the management of at least 50% of UK nuclear sites by end 2008.

Assessment of Progress: NOT YET ASSESSED

Current Position

Not yet assessed.

Factors Affecting Performance

2.150 The Nuclear Decommissioning Authority (NDA) came in to existence on 1 April 2005. In reality there are no PSA deliverables until the end of 2006-07. More information on the targets, measures and baselines for this PSA can be found in the technical note[51].

2.151 Though the efficiency gains target does not take effect until 2006-07 the NDA has asked incumbents, British Nuclear Group (BNG) and United Kingdom Atomic Energy Authority (UKAEA) to make 7% savings (in the context of either doing the same decommissioning for less or by doing more decommissioning for the same money) in financial year 2005-06 and this is on track to be achieved.

2.152 In due course from 2006-07, efficiencies will be identified by comparing actual progress and costs at sites against their Near Term Work Plans – which set out work at the site over the year and its budgeted cost. Reductions in civil nuclear liabilities will be measured against the Life Cycle Baseline (LCBL) for each site – which sets out the long term plan for end site decommissioning and clean up. The LCBLs are aggregated to produce a UK wide figure that will be updated and published annually on both the Department's and NDA web sites and in respective Annual Reports and Accounts.

2.153 The NDA has set out its timetable and proposals for competing its sites in its draft first Strategy, which is available on its website[52].

51 http://www.dti.gov.uk/pdfs/psa_11.pdf
52 www.nda.gov.uk

Quality of Data Systems Used

2.154 As mentioned above the NDA is a new organisation and as a consequence baseline data is still being refined and defined. Incumbents' data are analysed by the NDA each month, and the NDA has pressed for, and obtained, improvements. If judged appropriate the NDA will subject data to independent audit and verification.

National Standard:

Maintaining the UK's standing as one of the best places in the world for online business.

Related Target: **SR02 PSA 8** – Make the UK the best place in the world for e-business, with an extensive and competitive broadband market, judged using international comparative measures of business uptake and use of information and communication techniques

Assessment of Progress: ON COURSE

2.155 The UK has maintained its position as third in the world as previously measured by the International Benchmarking Survey (IBS) 2004. Overall it is performing very well against the other G8 countries.

2.156 The UK still has one of the fastest growing broadband markets in Europe and has extended its position of first in the G8 for extensiveness, primarily due to the much-improved coverage of DSL across the country which has reached 99.6% of households, with cable and fixed-wireless access bringing the total reach to 99.7%. The UK is anticipated to keep this position over the course of the next year. Extensiveness is a combined measure of broadband availability with a market context factor, which estimates market demand for broadband. The UK leads on this measure from Japan and the USA[53].

2.157 The UK maintains its third position overall in the G8 for competitiveness, behind Japan and Canada – pulling away slightly from the USA as prices fall further and has overtaken France as the biggest user of broadband in Europe[54]. Competitiveness is a measure of choice, price and competition.

2.158 A number of operators have announced trials or launches of higher-speed broadband services over the last few months and this suggests that the availability of higher speed services in the UK is set to increase rapidly over the next six months.

2.159 The UK performs well in terms of the availability of 1 and 2Mbit/s services, but is currently not matching the performance of other countries included in Analysis's study in terms of 4 and 8Mbit/s availability. The level of Information and Computer Technology (ICT) use varies considerably between businesses of different size and different economic activity in the UK.

Selling over e-networks

2.160 Sales over other electronic networks by all sizebands are increasing, large, small and micros. In all the proportion selling over other e-networks is higher than the proportion selling over the Internet, with the differences biggest among medium businesses and those with 250-999 employees. The Internet represents a

53 Ovum report 'International Broadband Market Comparisons' Update January 2006
54 Point Topic, Internet Consultancy report. December 2005

growing proportion of sales over electronic networks and this is true for all size bands. All sizebands saw growth in the proportion of businesses selling over the Internet between 2003 and 2004, with micros (from 5% to 6%) and small businesses (from 9% to 12%) showing the smallest percentage point rises. The proportion of medium businesses selling over the Internet rose to 18% (up 6 percentage points), while for businesses with 250-999 employees it reached 23% (up 7 percentage points). Among the largest businesses there was a rise of 4 percentage points to 32%. Although the value of sales over the Internet rose to 81% to £71.1billion in 2004, sales over other electronic networks £198.1billion still remain way ahead.

Purchasing over e-networks

2.161 The value of purchases by UK businesses over the Internet rose to £62.4billion in 2004, up by £24.5billion (64%) from the 2003 level of £37.9billion. Internet purchases accounted for nearly 4.4% of the total purchases by UK businesses in 2004.

e-commerce sales to households

2.162 Internet sales to households not surprisingly dominate, accounting for three-quarters of the value of total e-commerce sales to households in 2003. In 2004, Internet sales to households reached £18.1billion, up from £10.8billion in 2003. This represented a quarter of the total value of Internet sales by UK businesses, down from 27% in 2003 and 30% in 2002.

2.163 The Department does not lead but is responsible for the regulatory framework and has an influence over Ofcom's review process, which will stimulate market activity even further.

2.164 The Department is responsible for laying down the regulatory framework for electronic communications networks and services. The detailed rules, and their implementation and enforcement, are the responsibility of the Office of Communications (OFCOM) – the independent, converged regulator for the communication sector. The Department continues to keep the framework under review, working closely with Ofcom and other stakeholders, and making adjustments as required. Towards the end of 2005 the Department began preparations for the UK's input to the EC Commission's review of the Directives, which lay down the framework for regulation of the electronic networks and services industry, and of radio spectrum, across the EU.

2.165 OECD's Technology and Industry Scoreboard 2005 reported that the UK has strong uptake of ICT and is a leading investor in ICT. In 2003 the share of ICT investment in GDP was almost 3%, compared with less than 2% of GDP in France and Germany. The UK also received a considerable boost to GDP growth from ICT capital over 1995-03, of about 0.65%, which is considerably higher compared to 0.4% or less for France and Germany.

SR02 PSA 12

Achieve value for money improvements of 2.5% a year across the Department as measured by a basket of indicators

Assessment of Progress: AHEAD

Current Position

2.166 Against a target of £125.1million, the Department achieved an estimated £217million value for money savings in 2004-05. As reported in the 2005 Autumn Performance Report, £69.8million of these savings still require qualification as set out below. This qualifying data are now expected in March 2006. £45.7million of these savings were reported by an OGC central return on procurement spend.

2.167 Against a target of £135.2million for 2005-06, the Department is forecast to achieve value for money savings of at least £145million in-year. The final savings total will not be known until summer 2006 as much of the information is collated from year-end results, some of which comes from the Department's arm's-length bodies. The final in-year results will therefore be reported in the Department's 2006 Autumn Performance Report.

2.168 Due to strong delivery in the first two years of this PSA target the cumulative estimated savings are already ahead of the overall cumulative target. On this basis progress is assessed as being ahead of target. Delivery of value for money savings is based on a basket of indicators. Specifically:

- The Science and Engineering Base value for money savings are slightly ahead of target;
- For the third year, Business Link Operator savings are forecast to have surpassed the target set. Business Link responsibility is now devolved to the RDAs;
- The actual Pay and Workforce strategy saving is higher than target as the Department pushed further on staff reductions in 2004-05 to prepare to meet its SR04 commitment;
- Companies House savings were below target in 2004-05 (see below).

Factors Affecting Performance

2.169 Companies House has been subject to a shift in filing patterns and increase in business costs to invest in their IT system in order to yield longer-term savings through SR04 Efficiency Delivery. In the short-term this has impacted negatively on their value for money savings, but will mean that they are more able to deliver efficiency gains through staff reductions going forward. While representing a slippage against the individual value for money target, contingency from other activities (notably the central procurement savings return from OGC) mean that the overall PSA12 target will not be missed as a result.

Quality of Data Systems Used

2.170 All data systems used are subject to audit – in most cases based on the Departmental Report figures and Agency Annual Reports and Accounts. Procurement data are based on a central return with data supplied by OGC.

2.171 Business Support over-achievement – the 2004-05 figure was calculated using an estimate of quantified impact of business support and legacy spend. These data will be validated against the Business Support Monitoring Surveys outturn, which is now forecast to be available in March 2006; therefore the figure is subject to revision.

Figure 2.18 Summery of Performance Against Previous Spending Review Targets Comprehensive Spending Review 1998

Spending Review Target	Performance
1. To put in place policies to narrow the productivity gap relative to other industrialised countries over the cycle.	**Partially Met** – Outside period – Final assessment of the target was set out in the 2002 APR. Related to SR04 PSA 1
2. To secure improvements in performance against a set of competitiveness indicators to be developed and published annually from 1999.	**Met Ongoing** – Final assessment of the target was set out in the 2004 APR.
3. To increase the productivity and profitability of SMEs assisted by Business Link partnerships and to show year-by-year improvements in the quality of services delivered by the Business Link brand.	**Partly Met** – Final assessment of the target was set out in the 2004 APR.
4. To secure an increase in the number of high-growth business start-ups.	**On Course** – See paragraph 2.97 for an assessment of progress.
5. To improve the overall international ranking of the Science and Engineering Base in terms of quality, relevance and cost-effectiveness.	**Met – Ongoing** – Final assessment of the target was set out in the 2004 APR. Related to SR04 PSA 2.
6. To increase by 50% the 1997-98 number of companies spun out from universities by 2001-02.	**Met** – Final assessment of the target was set out in the 2002 APR.
7. To increase from 350,000 to 1.5million the number of UK SMEs wired up to the digital market place by 2002.	**Met** – Final assessment of the target was set out in the 2002 APR.
8. To make the UK the best place in the world to trade electronically by the end of the Parliament.	**Not Met** – Final assessment of the target was set out in the 2002 APR. Related to SR04 National Standard.
9. To improve support for exporters, raise the quality of service, generate additional exports and enhance the business image of the UK.	**Met** – Final assessment of the target was set out in the 2002 APR. Related to SR04 PSA 11.
10. To maintain the UK as the prime location in the EU for foreign direct investment.	**Met** – Final assessment of the target was set out in the 2002 APR. Related to SR04 PSA 11.
11. To maintain or improve levels of energy security, diversity, sustainability and competitive energy prices.	**Met Ongoing** – Final assessment of the target was set out in the 2004 APR. Related to SR04 PSA 8.
12. To improve UK performance in transposition of EU Single Market measures to enable 98% of measures to have been transposed into UK law by end 2000.	**Not Met** – The final assessment of the target was set out in APR 2002.

Figure 2.18 Summery of Performance Against Previous Spending Review Targets Spending Review 2000

Spending Review Target	Performance
1. Improve UK competitiveness by narrowing the productivity gap with the USA, France, Germany and Japan over the economic cycle. (Joint target with HM Treasury)	**On Course** – This target was carried forward in similar terms in SR04 PSA 1.
2. Help build an enterprise society in which small firms of all kinds thrive and achieve their potential, with an increase in the number of people considering going into business, an improvement in the overall productivity of small firms, and more enterprise in disadvantaged communities.	**Slippage** – This target is carried forward in similar terms in SR04 PSA 6.
3. Make and keep the UK the best place in the world to trade electronically, as measured by the cost of internet access and the extent of business-to-business and business to consumer transactions carried out over e-commerce networks.	**Not Met** – Final assessment of the target was set out in the 2005 Departmental Report. Related to the SR04 National Standard.
4. Improve the economic performance of all regions measured by the trend in growth of each regions GDP per person. (Joint target with ODPM)	**On Course** – This target is carried forward in similar terms in SR04 PSA 7
5. Improve the overall international ranking of the UK's science and engineering base, as measured by international measures of quality, cost-effectiveness and relevance.	**On Course** – This target is carried forward in similar terms in SR04 PSA 2.
6. Increase the level of exploitation of technological knowledge derived from the science and engineering base, as demonstrated by a significant rise in the proportion of innovating businesses citing such sources.	**On Course** – This target is carried forward in similar terms in SR04 PSA 2.
7. Have the most effective competition regime in the OECD, as measured by peer review, and achieve a fairer deal for consumers, as measured by the level of consumer knowledge and understanding of rights and sources of information.	**On Course** – This target is carried forward in similar terms in SR04 PSA 4.
8. Ensure competitive gas and electricity prices in the lower half of the EU/G7 basket, while achieving security of supply and social and environmental objectives.	**On Course** – This target is carried forward in similar terms in SR04 PSA 4.
9. Improve the environment and the sustainable use of natural resources, including by reducing greenhouse gas emissions by 12.5% from 1990 levels and moving towards a 20% reduction in CO_2 emissions by 2010. (Joint target with DEFRA)	**On Course** – This target is carried forward in similar terms in SR04 PSA 4
10. Deliver a measurable improvement in the business performance of Trade Partners UK customers. (Joint target with FCO).	**Partly Met** – Final assessment of the target was set out in the 2005 Departmental Report. Related to SR04 PSA 11.
11. Maintain the UK as the prime location in the EU for foreign direct investment. (Joint target with FCO)	**Met** – Final assessment of the target was set out in the 2005 Departmental Report. Related to SR04 PSA 11.
12. Achieve value for money improvements of 2.5% a year across the Department as measured by a set of indicators.	**Met** – Final assessment of the target was set out in the 2005 Departmental Report. The current position on the Department's efficiency programme can be found starting at paragraph 6.26.

Figure 2.18 Summery of Performance Against Previous Spending Review Targets Spending Review 2002

Spending Review Target	Performance
1. Demonstrate progress by 2006 on the Government long-term objective of raising the rate of UK productivity growth over the economic cycle, improving competitiveness and narrowing the productivity gap with the USA, France and Germany. (Joint target with HM Treasury)	**On Course** – This target was carried forward in similar terms in SR04 PSA 1.
2. Improve the relative international performance of the UK's science and engineering base, the exploitation of the science base and the overall innovation performance of the UK economy.	**Slippage** – This target is carried forward in similar terms in SR04 PSA 6.
3. Place empowered consumers at the heart of an effective competition regime, bringing UK levels of competition, consumer empowerment and protection up to the level of the best by 2006, measuring the effectiveness of the regime by peer review and other evidence, to ensure a fair deal for consumers and business working in collaboration with the relevant regulatory agencies.	**Not Met** – Final assessment of the target was set out in the 2005 Departmental Report. Related to the SR04 National Standard.
4. Ensure the UK ranks in the top 3 most competitive energy markets in the EU and G7 in each year, whilst on course to maintain energy security, to achieve fuel poverty objectives; and (joint with DEFRA) improve the environment and the sustainable use of natural resources, including through the use of energy saving technologies, to help reduce greenhouse gas emissions by 12.5% from 1990 levels and moving towards a 20% reduction in carbon dioxide emissions by 2010.	**On Course** – This target is carried forward in similar terms in SR04 PSA 7
5. Secure agreement by 2005 to a significant reduction in trade barriers leading to improved trading opportunities for the UK and developing countries. (Joint target with DFID and FCO)	**On Course** – This target is carried forward in similar terms in SR04 PSA 2.
6. Help to build an enterprise society in which small firms of all kinds thrive and achieve theirpotential with (i) an increase in the number of people considering going into business, (ii) an improvement in the overall productivity of small firms, and (iii) more enterprise in disadvantaged communities.	**On Course** – This target is carried forward in similar terms in SR04 PSA 2.
7. To make sustainable improvements in the economic performance of all English regions and over the long term reduce the persistent gap in growth rates between the regions, defining measures to improve performance and reporting progress against these measures by 2006. (Joint target with HM Treasury and ODPM)	**On Course** – This target is carried forward in similar terms in SR04 PSA 4.
8. Make the UK the best place in the world for e-business, with an extensive and competitive broadband market, judged using international comparative measures of business uptake and use of information and communication techniques.	**On Course** – This target is carried forward in similar terms in SR04 PSA 4.

Figure 2.18 Summery of Performance Against Previous Spending Review Targets Spending Review 2002

Spending Review Target	Performance
9. By 2006, working with all Departments, bring about measurable improvements in gender equality across a range of indicators, as part of the Government objectives on equality and social inclusion.	**On Course** – This target is carried forward in similar terms in SR04 PSA 4
10. In the three years to 2006, taking account of the economic cycle, increase the employment rate and significantly reduce the difference between the overall employment rate and the employment rate of ethnic minorities. (Joint target with DWP)	**Partly Met** – Final assessment of the target was set out in the 2005 Departmental Report. Related to SR04 PSA 11.
11. Deliver a measurable improvement in the business performance of UK Trade & Investment's international trade customers; and maintain the UK as the prime location in the EU for foreign direct investment, (Joint target with FCO)	**Met** – Final assessment of the target was set out in the 2005 Departmental Report. Related to SR04 PSA 11.
12. Achieve value for money improvements of 2.5% a year across the Department as measured by a basket of indicators.	**Met** – Final assessment of the target was set out in the 2005 Departmental Report. The current position on the Department's efficiency programme can be found starting at paragraph 6.26.

Section 3

Delivering the Department's Strategic Objectives



Supporting Successful Business

Introduction
Enterprise Growth and Business Investment
Strengthening Regional Economies
Promoting International Trade and Inward Investment
Effective Channels with Business

Introduction

Generally, Businesses succeed through their own efforts. Businesses not governments identify market opportunities and exploit them by providing a better product or service to that which currently exists. Firms do this in the expectation that prices charged fully reward the work force and generate a profit in excess to the cost of capital. The pressure of competition is the principal mechanism of generating improvements in businesses competitiveness.

Government, however, can help or hinder business success. At a macro level, businesses are more likely to invest in skills, physical investment and knowledge if they operate within a stable economic framework. Government is the custodian of institutions and laws that allows businesses to trade with each other with confidence and trust.

At the level of the individual firm, Government promotes the possibility of business success through investment in science, the generation of commercial value from its exploitation, whilst also facilitating the wide dissemination of knowledge. Government interventions in the actions of business can hinder competitiveness by poorly defined regulation, inefficient public procurement, the stifling of firm innovation and suboptimal levels of public investment in built infrastructure, education and skills.

Successful businesses trade in a vibrant and dynamic economy, one where workers, knowledge and capital can move from relatively unsuccessful businesses to successful firms. Freedom of movement of resources between firms across industries and regions makes it more likely that firms facing rapid increases in demand for their output have the resources to meet that demand and that marked disparities in regional incomes and growth rates are reduced.

A dynamic economy fosters enterprise including the birth of new businesses, their subsequent expansion and the death of businesses if they are not viable. Government can create or remove barriers to these essential dynamics of an economy made up of firms under intense competition both at home and overseas. Those workers at a disadvantage should also have access to work without major impediment.

UK business benefits from exposure to international trade in goods and services and cross border flows of foreign direct investment. Exporting and overseas direct investment allows firms to exploit

their firm specific commercial advantages. Imports are the source of the competitively priced components. Inward investment often embodies the most advanced technology, and productivity improving working practices.

Sometimes market failures impede international trade and investment. These both reduce the ability of UK business to exploit international markets to the firm's full potential benefit and can provide barriers to international investors who might otherwise locate in the UK. Effective Government remedies to these market failures can improve the performance of UK based firms and make an important contribution to increasing UK productivity and prosperity. Removing barriers to international markets is particularly important for knowledge intensive businesses, which need access to overseas markets to maximise returns to innovation and to keep abreast of ideas and technologies.

UK Business' and households cannot prosper without considered and targeted intervention by government at international, national, subnational and sometimes sectoral levels. But markets and governments can fail. The Department recognises that a shared understanding with business of the consequences of government actions on their performance with what the government is trying to achieve is most likely to reduce the costs of either failure.

Enterprise Growth and Business Investment

3.01 The Department's Enterprise, Growth and Business Investment objective aims to remove barriers to the creation of new businesses and impediments to the exploitation of enterprise and small business growth. The Department promotes enterprise in disadvantaged communities and amongst disadvantaged groups to make it an attractive and viable option for people from all backgrounds and is committed to ensuring that more businesses that want to innovate and grow are able to.

Performance in 2005-06

By 2008, achieve an increase in the proportion of people considering going into business[55]

'Make Your Mark' Campaign and 'Enterprise Week'

3.02 The Small Business Service (SBS) funds Enterprise Insight to run the Make Your Mark campaign – which aims to help create a more enterprising culture amongst young people (aged 14-30) in the UK. Enterprise Insight is a non-profit organisation, founded by the British Chambers of Commerce, the CBI, the Federation of Small Businesses and the Institute of Directors – whose Directors General sit on its board. The SBS is increasing funding over the next two years, primarily in support of the development of local enterprise campaigns to mobilise action and good practice at local level in support of the national campaign.

3.03 Enterprise Week is the campaign's annual focal point, and the second Week was held in November 2005. Its main message was that enterprise is about having ideas and making them happen. Over 2,200 events were run across the UK and 408,000 people attended them. More than 700 organisations led, with

55 Source: SBS's biennial Household Survey of Entrepreneurship, in 2003, 11.3% of adults were considering going into business (baseline position). The target is to achieve a statistically significant increase by 2008.

the support of nearly 3,900 businesses. Two themed days focused attention on women's enterprise and social enterprise. More than 1,500 teams of school children took part in the 'Make Your Mark Challenge' (a simultaneous live enterprise competition) – with regional winners going on to a national final. In addition to the Challenge prizes, the SBS has arranged for unique work experience activities with top companies for each of the regional winners.

Social Enterprise

3.04 Entrepreneurs may often be motivated by social or environmental concerns as well as generating a return for themselves and shareholders. This is known as social enterprise and the SBS has continued to implement Government's strategy for encouraging this. In July 2005 the SBS published the first research into social enterprise in the UK, which identified 15,000 social enterprises turning over £18 billion. In September the Government launched the Community Interest Company, a new company form for social enterprises, since when over 100 social enterprises have chosen to register with the independent regulator as Community Interest Companies.

3.05 The SBS has worked closely with the Home Office and HM Treasury to identify opportunities for social enterprises, and other third sector organisations, to have better access to public sector contracts.

3.06 During 2005 the SBS commissioned a review of Government's social enterprise strategy[56] and established a Working Group to take forward the recommendations in a new action plan for social enterprise to be published in spring 2006.

Start-Ups

3.07 To help ensure greater consistency of help for people wanting to start a business, a core Business Link offer for start-ups has been agreed with the Regional Development Agencies. It includes development of a start-up pack and online diagnostic tool, and will come on stream from April 2006.

Improvements in the overall productivity of small firms[57]

Small Business Research Initiative

3.08 Under the Small Business Research Initiative participating Government Departments are expected to procure at least 2.5 per cent of their extramural research and development requirements from small businesses. The key aim is to make sure small businesses have a fair opportunity to bid for public sector R&D contracts. The Initiative was introduced on a voluntary basis in 2000 and was made mandatory in 2005. The SBS will publish annual performance figures.

3.09 The Supplier Route to Government portal[58] is due to be live by the end of March 2006. This SBS-owned service will also be available through Businesslink.gov.uk, and will include support for businesses that wish to win work with Government. Government Departments are being encouraged to use this site as a 'first portal of call' for

56 Available on www.sbs.gov.uk/socialenterprise
57 Productivity is defined as Gross Value Added per employee, based on the Office for National Statistics' Annual Business Inquiry. The target is for small firms' productivity growth to exceed that of all firm
58 www.supply2.gov.uk

advertising lower-value opportunities, typically under £100,000. The SBS is leading an extensive engagement programme across government to promote its use of the new portal. Government Offices, Business Link Operators and small business Trade Associations will all be asked to promote it to the small business community. The site contains an online help facility, and a customer support helpdesk for any small business needing help using the service.

Manufacturing Advisory Service (MAS)

3.10 British manufacturing industry overall needs to increase its productivity if it is to sustain or increase its output in the face of price competition from low cost countries and non price competition from other industrialised countries. The primary aim of the MAS is to provide practical, hands-on assistance to firms that will help them to increase their efficiency and competitiveness through the adoption of the most productive manufacturing practices. The service is operated in England and Wales by the Department in partnership with the RDAs and the Welsh Assembly Government.

3.11 Since its launch in 2002, the MAS has established itself as a highly regarded source of support for manufacturing firms. In that time it has dealt with 76,000 enquiries, undertaken 13,700 on-site manufacturing diagnostic reviews, and, following on from the reviews, completed 4,100 interventions to provide practical, in-depth support to help firms to improve their productivity and competitiveness. The impact of these interventions is assessed using industry-standard measures of quality, cost and delivery (QCD); a typical intervention will target specific aspects of performance and the results in these targeted areas as reflected by the QCD measures can be summarised as follows:

- 28% average improvement in people productivity;
- 25% average reduction in scrap and defect rates;
- 29% average improvement in space utilisation;
- 28% average improvement in delivery performance;
- 38% average improvement in annual stock-turns;
- 33% average improvement in operational effectiveness.

In terms of its overall impact, the in-depth interventions undertaken by MAS have yielded £213 million in value added for beneficiary firms to date, significantly in excess of target. A national evaluation of MAS is now under way which will provide robust evidence on the efficiency, effectiveness and value for money of the programme.

Business Performance Diagnostic

3.12 The best practice dissemination product launched in 2004 has been adapted so that the material is now more easily accessible by Internet.[59] Between April and December 2005 the Business Link network delivered 3,257 diagnostics and 881 grant-aided business improvement projects.

59 http://www.businesslink.gov.uk/.

Design

3.13 The Design Council[60] is an Executive NDPB, jointly sponsored by the Department and DCMS. The Design Council has developed a comprehensive programme of design awareness workshops, 12-24 month mentoring support by experienced designers for manufacturing and technology businesses and regional design capacity building designers in working with SMEs, in collaboration with several RDAs and the Engineering Employers Federation (EEF). This is the culmination of the Council's Manufacturing and Technology Campaigns of the last two years whose pilots resulted in the following figures in the companies involved.

- 14% average increase above forecast in turnover;
- 9% average increase above forecast in profit;
- 13% average increase above forecast in employment.

3.14 The first RDA, Yorkshire Forward, started to deliver this Design for Business Programme through the local Business Links in January 2006 and the Design Council is now engaged with all RDAs on its wider implementation. [We expect another 3 RDAs to start to deliver the programme during 2006]. The Design Council is the Sector Skills Council, 'Creative and Cultural Skills', lead partner for the design industry and is on plan to deliver a nationwide industry skills development plan during 2006. The 10-year public awareness and engagement programme, 'Designs of the Time', has been launched with the first joint venture being created with the North East for 2007. This will provide the opportunity for designers, businesses and public service providers to engage with the people of North East England through design in local business, communities and the environment. The programme will have three distinct elements: Public Design Commissions, an education programme and a design showcase of events.

3.15 Sir George Cox's independent review of 'Creativity in Business: building on the UK's strengths'[61] was commissioned by the Chancellor of the Exchequer in the 2005 budget and strongly endorsed in his pre-budget report, December 2005. Drawing on the parallel Departmental economics paper[62], the review sets out the steps that the Government and the business, broadcasting and education sectors should take to ensure that UK businesses harness the world-class creative talents that the UK possesses to increase its productivity and competitiveness across all sectors, particularly SMEs and manufacturing. Implementation of the recommendations has already started.

These include:

- Making the Design Council's Design for Business Programme available nationally;
- Improvements to the SME Tax Credits system including the creation of dedicated Research & Development (R&D) units in HM Revenue and Customs HMRC, agreed in the pre-budget report 2005, and the extension of additional R&D tax credit support to companies with between 250 and 500 employees, agreed in budget 2006 subject to the outcome of state aids discussions;

60 www.designcouncil.org.uk

61 Sir George Cox. Creativity in Business: building on the UK's strengths November 2005. (ISBN 1-84532-108-1. Available from HM Treasury internet site: http://www.hm-treasury.gov.uk/cox)

62 **Department of Trade and Industry. Creativity, Design and Business Performance November 2005. (Available from HMSO and DTI website: http://www.dti.gov.uk/economics/economics_paper15.pdf

- Better integration of design into business and technology research and undergraduate courses at universities, and universities innovation support work with businesses. The Higher Education Funding Council for England (HEFCE) are leading the move to develop centres which combine the three disciplines – design, business and technology and business schools, design schools and engineering institutions are engaged;
- Much better use of design in innovation in public procurement;
- The establishment of a network of Centres of Creativity and Innovation to promote and facilitate the use of these skills across the economy. The London Development Agency LDA has already commissioned the feasibility study for the London hub of this network, steered by an advisory group chaired by Sir George Cox.

More enterprise

(i) in disadvantaged communities

(ii) amongst women

(iii) amongst under-represented groups

Disadvantaged Communities

3.16 The SBS is supporting the processes linked to Government's new Local Enterprise Growth Initiative, which was announced in 2005. This initiative complements SBS's PSA Target 6(iii) – "...with...more enterprise in disadvantaged communities". It is worth £300 million over the three years 2006-07 to 2008-09 (£50 million available in 2006-07, rising to £150 million per year by 2008-09, subject to confirmation in the next Spending Review). It will provide flexible, devolved investment in some of the most deprived areas to support locally developed and owned proposals that pursue ways of stimulating economic activity and productivity through enterprise development.

3.17 The initiative is a joint ODPM, DTI and HM Treasury drive "to release the productivity and potential of our most deprived local areas and their inhabitants through enterprise and investment – thereby boosting local incomes and jobs". This aim is supported by three national-level outcomes: to increase entrepreneurial activity; support sustainable growth and reduce the failure rate of locally-owned businesses; and to attract appropriate investment into deprived areas. The Government announced that 10 bids (covering 15 local authorities) had been successful in securing funding in the first round.

Women's Enterprise

3.18 Women make up 51% of the UK population and 46% of those active in the labour market, but only 26% of all self-employed people. Recent figures show an improvement in female enterprise activity: the number of self-employed women in the UK is approaching a million after an increase of 24,000 in the last year; and women's share of newly self-employed people has increased from 32% to 34% in the last 18 months[63].

3.19 Following publication of the booklet, "Promoting Female Entrepreneurship" which set out the economic case for women's business, Government's objective is to take the UK further towards US levels of entrepreneurship – there could be at least 500,000 more businesses in the UK if US levels were

63 Source: ONS Labour Force Survey. In the 3 months to Jan 2006, there were 983,000 self-employed women compared to 959,000 a year earlier (seasonally adjusted). Data for newly self-employed women relates to the year to May 2004 compared with the year to November 2005.

matched. The Government is establishing a Task Force on Women's Enterprise to work with the Government and the RDAs over the next three year period, to increase levels of female entrepreneurship.

Under Represented Groups

3.20 The SBS is working with the Ethnic Minority Business Forum, RDAs and other Departments to promote ethnic minority enterprise and deliver on the enterprise recommendations contained in the National Employment Panel Report "Enterprising People, Enterprising Places". In response to the fact that two in five ethnic minority businesses experience difficulties accessing finance[64], the SBS has commissioned an ethnic minority business finance survey to improve understanding of the problems ethnic minority businesses face and help inform policy. SBS is also working with the Forum on delivery of their action plan "The Way Forward"[65]. The Forum held a conference in March 2006 drawing together key players in the enterprise agenda including RDAs, business support organisations and government officials. Following this event SBS has launched an extranet service to promote good practice and exchange ideas amongst business support organisations building on the energy and enthusiasm generated by the conference.

3.21 While some minority ethnic groups have high levels of enterprise, others (such as Black and Black British), are under-represented. The target is to narrow the gap between self-employment rates of under-represented groups and others by 2008. There has been some progress but it is too early to assess whether this is part of a long-term trend[66].

Fewer businesses which want to grow report difficulties in obtaining finance[67]

The Risk Capital Summit 2005

3.22 As part of the UK's Presidency, the Departments Small Business Service and the European Commission jointly held the Risk Capital Summit, attended by around 300 international delegates. The Conference informed and debated how risk capital can support the establishment of Europe as a leader in innovation, growth and enterprise. Specific deliberations were made on how policy makers and practitioners can work best with markets to stimulate the provision of risk capital for businesses with high growth potential – issues identified as being important to the Lisbon Agenda and the 2005 Spring European Council "Working together for growth and jobs".

3.23 A number of outcomes have resulted including:

- A commitment given by Heads of State at the Hampton Court Informal to improve the supply of risk capital across Europe;
- The conference outcomes are being utilised as part of the UK's negotiating position to influence the Competitiveness and Innovation Programme CIP negotiations and have informed the report 'Creating an Innovative Europe' (The Aho Report');

64 Source: SBS Annual Small Business Survey 2003- of those who tried to obtain finance, around 2 in 5 experienced difficulties
65 (http://www.sbs.gov.uk/SBS_Gov_files/embf/thewayforward05-08.pdf)
66 Source: ONS Labour Force Survey. The baseline position was a 4 percentage point gap between the self-employment rates of under-represented groups and others (summer 2004 – spring 2005). The latest data (winter 2004 – autumn 2005) shows a decrease in the gap to 3.7 percentage points.
67 Data from the SBS Annual Small Business Survey 2003 showed that 25% of businesses with employees which wanted to grow reported difficulties accessing finance. The target is to reduce this to 22% by 200

- The European Commission is drawing on the draft recommendations to inform the proposed Commission Communiqué 'Financing Growth – The European Way' due to be published in Spring of this year.

Small Firms Loan Guarantee

3.24 There has continued to be a high level of take-up for the Small Firms Loan Guarantee (SFLG). For the year April 2004 to March 2005 7,130 loans with a total value of £481million were guaranteed and for the year April 2005 to March 2006 the corresponding figures were 5,957 loans with a total value of £422 million. In practical terms, each loan guaranteed represents a small business being able to access finance that would not otherwise be available to them, and thus having the opportunity to develop their full potential and in turn to make a more significant contribution to the economy than would otherwise be the case.

3.25 Working in partnership with the participating lenders a simplified, strategically targeted and more consistently available SFLG was introduced in December 2005. The changes reflect the recommendations of the Graham Review and focus on start-ups and younger businesses with viable business plans who do not have the necessary track record or assets to access debt finance. Through the use of a secure web portal and the allocation of lending limits, the decision to approve and administer individual loans has now been fully devolved to the participating lenders, whose performance will be supervised and audited. The lending decision is centred on the quality of the business proposition and lenders may provide up to £250,000 to each qualifying business on commercial terms.

Figure 3.1 Small Firms Loan Gurantee Scheme

	2001-02 Outturn	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn
Volumes					
Loans guaranteed	4,269	3,916	5,966	7,130	5,957
Value (£ ms)	254.7	269.0	409.3	481.3	422.10
Average loan (£)	59,663	68,693	68,605	67,504	70,857
Demands against guarantee	1,629	1,690	1,573	1,600	2,039
Value of demands (£ ms cash)	44.93	50.00	52.68	57.42	76.10
Average demand (£ms cash)	27,581	29,586	33,490	35,888	37,322
Expenditure					
Gross cost £ms)	44.10	78.17	75.25	109.31	80.00
Receipts (£ ms)	9.31	9.48	12.51	18.36	23.57
Net Cost (£ ms)	34.79	68.69	62.74	90.95	56.43s
Potential Future Liabilities					
Provision (£ ms)	78.95	106.81	128.90	179.78	182.16

Enterprise Capital Fund (ECF)

3.26 Following clearance from the European Commission, the competitive bidding round for fund managers seeking to operate a 'Pathfinder' Enterprise Capital Fund was launched in July 2005 and closed on 19 September 2005. The Department received over 40 bids and intend to support up to five funds in this round. SBS officials are currently in the later stages of assessing the bids received and are being advised on which bids should be supported by the recently formed Capital for Enterprise Board.

3.27 The 2006 Budget announced that the first two funds had been approved. The Chancellor also announced that the 'pathfinder' round of funds had been deemed successful and that further funding of £100m (£50m in 2006-07 and £50m in 2007-08) would be available to extend the pathfinder. Up to three further funds could be announced as part of this initial stage of the pathfinder round of Enterprise Capital Funds, which is still ongoing.

3.28 The funds are designed to be commercial funds, investing a combination of private and public money in small high-growth businesses that are seeking up to £2 million of equity finance. The Government will provide up to two thirds of the capital in each fund, in return for a preferred return of 4.5%, and a limited share in any profits of the fund. The preferred return is intended to cover Government's cost of capital. In a longer term programme the profit share from successful funds should offset any losses on unsuccessful funds, leading to a broadly cost neutral programme.

Scoreboards

3.29 During 2005-06 the Department published expanded and improved versions of the annual R&D and Value Added Scoreboards. The Scoreboards show the business benefits of investment, which can help make a business case for funding by lenders or equity investors, and allow companies and their investors to benchmark their performance against UK and international competitors. A new online value added calculator allows firms not in the Scoreboard to compare their performance to top UK and European companies.

Increase the number of businesses seeking external advice[68]

Grant for Research and Development

3.30 The Grant for Research and Development provides grants to individuals and small businesses to help with the costs of researching and developing new, technologically innovative products and processes. Responsibility for delivery (including the legacy of commitments from its predecessor scheme, Smart) was delegated to the RDAs in April 2005, with funds held in the RDA Single Pot. During 2004-05, the final year in which delivery rested with SBS, outturn expenditure on the Grant and Smart was £39.4 million.

Businesslink.gov

3.30 Since its launch the Business Link[69] portal, has recorded over 16 million user sessions. Awareness has continued to rise and the portal now attracts over

68 SThe target is to increase the proportion of small businesses seeking external business advice to 53% by 2008, from a baseline of 50% (source: SBS Annual Small Business Survey)
69 www.businesslink.gov.uk

500,000 unique visitors a month. In the past year it attracted 5.6 million unique visitors and over 121,000 registered users. As of January 2006, a fifth of all visitors to the site were repeat customers (compared with 7% 12 months previously).

3.32 As part of the national-regional partnership on Business Link, the RDAs are developing local versions of the national site: the rollout should be completed by April 2007. The Start-Up Journey Manager is a tool to guide the users through the process of starting up a business. Phase 1 was launched in January, and phase 2 is planned for release for the latter part of 2006.

3.33 Business Link performance has continued to improve, despite this being a transition year with management of the local service being transferred to the RDAs. Penetration has increased reaching 688,918 customers in the twelve months ending December 2005. This represents 38.2% of the Inter-Departmental Business Register baseline). The high levels of customer satisfaction have been maintained with an increase of one percentage point to 91%. Those customers receiving intensive assistance from Business Link remains constant at 40,000 businesses. (2.2% of the Inter-Departmental Business Register baseline. Since 2001-02, the number of businesses helped by Business Link has increased by 109% (over 265,000 businesses) and the number of pre-starts has risen by 102% (80,492 businesses).

Civil aerospace industry able to continue to finance the development of major civil aerospace projects through the implementation of Launch Investment policy.

3.34 During the year, appraisals of two potential investments were completed and a decision in principle made to invest (jointly with Invest Northern Ireland) £150million in the development of Bombardier Aerospace's proposed C-Series family of aircraft. No disbursements were due under existing contracts this year.

3.35 The Department continuously monitors its existing portfolio of investments ensuring that receipts are received on time and are of the correct amount. Receipts from existing investments totalled £146million for the year.

3.36 The value of the portfolio is reviewed twice a year – the net present value of the future income is determined by forecasting the expected sales of the aircraft and engines covered by the portfolio of Launch Investment contracts. The value of the portfolio is determined as at the end of the previous financial year (the End-Year valuation) in April-May and then revised around December to provide the Mid-Year valuation. Developments in the aerospace markets caused the Department to value the asset for the 2004-05 accounts at £1.65 billion, a reduction of £476 million on last year's valuation. However, the portfolio remains above its historic value of £1.2 billion.

3.37 The Launch Investment portfolio is the Department's largest asset. As such, the Audit Committee and the National Audit Office (NAO) oversee the management of the portfolio carefully. Both the Audit Committee and the NAO understood the reasons for the new valuation and were satisfied with both the management of the portfolio and the methodology of the valuation.

3.38 The specific benefits flowing from individual investments are evaluated as part of the application process. The government makes its investment in the expectation of an agreed rate of return – the monitoring and valuation of the portfolio are undertaken to ensure that happens. In addition, there are a range of benefits, which are likely to flow from investing in the design and development of new major civil aerospace projects in the UK. These include:

- The creation and/or maintenance of high-skill, high value added jobs attracting a wage premium;
- The development of new technologies or the first application of new technologies in the UK;
- These in turn provide an opportunity for creating technological spillovers in the UK.

3.39 For example, at the time of the investment in the Airbus A380, it was estimated that the project would create (both directly and indirectly) up to 22,000 jobs, and Rolls Royce Trent 600/900, it was estimated to safeguard 7,000 jobs. These investments have helped to maintain centres of manufacturing excellence in the UK.

Plans for 2006-07

- Launch and promote the supplying to Government web portal;
- Expand the Enterprise Insight Campaign, including Enterprise Week, to cover the ambition to grow a business and ensure young people have more information about enterprise;
- Implement a refreshed action plan to deliver the Government's Social Enterprise Strategy for growth in social enterprise;
- Lead work across government to simplify business support;
- Develop a forward looking strategy and funding plan for the Manufacturing Advisory Service via the MAS Development Board.

Figure 3.2 Expenditure on Enterprise, Growth and Business Investment (£ million)

Outturn	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Working Provision	2006-07 Plans	2007-08 Plans
Total (excluding Launch Investment)	**141.4**	**190.6**	**231.9**	**266.9**	**208.8**	**215.6**
of which:						
Access to support to implement best practice products	0.0	11.0	12.0	11.0	4.0	3.0
BLU	1.5	1.9	2.4	1.9	1.0	1.0
Business.gov	8.9	15.0	10.5	20.0	17.8	17.8
Gateway-Capital Grants	5.1	8.0	4.8	8.0	0.0	0.0
Gateway-Resource	3.7	3.3	3.0	4.3	3.3	3.3
Design Council	6.9	7.1	6.2	7.0	6.3	6.3
Enterprise Fund. Including Enterprise Capital Fund	83.8	108.6	138.9	120.3	145.7	160.7
of which:						
Programme including Small Firms Loan Guarantee	60.7	74.0	97.8	97.3	93.7	99.7
Capital	23.1	34.6	41.1	23.0	52.0	61.0
Manufacturing Advisory Service	0.0	0.0	0.0	0.0	0.0	0.0
National Business Link Marketing	3.0	4.0	3.0	5.0	1.7	1.7
Phoenix Fund	25.4	26.0	28.0	26.0	12.0	9.0
Promotion of Enterprise	1.1	3.6	4.0	5.0	2.1	2.9
Social Enterprise	0.9	1.0	0.7	1.0	0.8	
Research and Evaluation	1.1	1.1	1.0	1.9	1.1	1.1
Legacy Programmes	0	0	17.4	9.2	9.2	6.2
Aerospace Launch Investment	**218.0**	**-109.0**	-126.8	-134.4	-158.3	-158.3
of which:						
Capital	323.6	0.0	0.0	0.0	0.0	0.0
Expert Advice and other programme	2.9	0.8	0.5	1.0	1.0	0.4
Receipts (excluding CFERs)	-20.9	-30.1	-29.7	0.0	0.0	
Total Receipts	-108.5	-109.8	-127.3	-135.4	-159.3	-158.7

Strengthening Regional Economies

The prosperity of the UK economy depends on strong regional and local economies. Economic performance, measured in terms of productivity and employment, varies among and within the countries and regions of the UK. These differences are deeply rooted and have persisted for most of the last century.

The Department, together with HM Treasury and the ODPM, owns the Regional Economic Performance Public Service Agreement[70] which commits Government to work to increase the growth of all English Regions and, in the longer term, to narrow the gap in growth rates between the best and least well performing regions. In pursuit of this, the Department has continued to develop the evidence base for tackling performance differentials in employment and the five drivers of productivity – skills, investment, innovation, enterprise and competition. Work taking forward this programme continues in collaboration with DWP, DFT and DFES and, working with the Government Offices, with key regional partners.

The Department is the sponsor of the Regional Development Agencies (RDAs).

Performance in 2005-06

England's RDAs

3.40 The RDAs' mission is to transform the English regions through investing in and promoting sustainable economic development. The RDAs' responsibilities, set out in the Regional Development Agency Act 1998, include economic development and regeneration, promoting business efficiency, investment and competitiveness, promoting employment and skills development, and contributing to sustainable development in the UK. The Act also requires each RDA to draw up Regional Economic Strategies (RES) for its region. RESs are revised every three years in close partnership with key national, regional, sub regional and local partners who will help to deliver them and with other key stakeholders. During 2005-06, RESs have been under revision in six of the nine English Regions. RESs drive RDA's three-year Corporate Plans which are submitted to Ministers for approval.

3.40 A new RDA Tasking Framework, agreed between Government and the RDAs, came into effect in April 2005. It requires each RDA to show in its Corporate Plan for 2005 to 2008 how, in support of its statutory role and responsibilities and through its own activities and influence on others, the RDA will contribute to addressing the priorities identified in the RES for the region. By implementing the RES, each RDA will contribute to the delivery of Government's PSA targets on Regional Economic Performance, Sustainable Development and Productivity/ Rural Productivity and, through these, to the delivery of a range of other PSA targets. Through self-reporting by the RDAs on progress in delivering the Corporate Plan commitments, assessment of the RDAs by the National Audit Office and each RDA's own impact evaluation of the effectiveness of their interventions on economic growth in their regions, we will obtain evidence about RDA performance and delivery.

70 Make Sustainable improvements in the economic performance of all English Regions by 2008 and over the long term reduce the persistent gap in growth rates between the regions demonstrating progress by 2006.

3.42 From April 2005, RDAs took on responsibility for the management of the Business Link network from the Department's Small Business Service. The Department retains ownership of the Business Link brand and web presence and works with the RDAs through the joint Business Link Strategy Board to continue to develop and improve Business Link. The RDAs are also taking the lead in pursuing the recommendations of the Lambert review of Business-University Collaboration and have been given a broader remit for regeneration in rural areas.

3.43 Nationally as a network, the RDAs exceeded all the five core targets set in 2004-05:

(i) over 100,000 jobs were created and safeguarded

(ii) over 7,500 new businesses were added to the regional economy

(iii) over 1,000 hectares of remediated land was brought back into effective use

(iv) over 200,000 learning opportunities were created

(v) over £750million of private sector investment was leveraged in benefiting residents of the most deprived wards

These targets were all achieved as a direct result of the RDAs activities.

3.44 In early 2005 the Department worked closely with Advantage West Midlands and GOWM to scenario plan for the possible collapse of MG Rover. Following the entry of MG Rover into administration on 8 April, AWM set up and led the MG Rover Task Force which was charged with devising and advising on the delivery of the regional support package. By February 2006 over 3,600 of the individuals made redundant as a result of these events had begun new jobs, a further 840 were booked onto training schemes and the Wage Replacement Scheme had saved over 1,300 jobs in the supply chain. The long-term phase of the support package is expected to continue for another two years.

Enable regional Government Offices (GOs) to play their part in implementing the Department's Strategy and Business Plan.

3.45 The GOs in the English regions, managed by the Regional Co-ordination Unit in ODPM, provide a regional network for many central Government Departments, including the Department. Foreshadowing some of what has more recently been agreed in the Government Office Review[71], the Department has reshaped its priorities for the Government Offices in order to move away from direct delivery and into more strategic regional activities. The Department's three priorities for the GOs are:

- Getting the best from the RDAs. The GOs work with the RDAs to help them to deliver their contributions to the Regional Economic Strategies and Corporate Plans. They form a key part of the Department's performance management of the RDAs by taking part in the Independent Performance Assessment and they lead on the recruitment of board members;
- Being the Department's voice in the regions. The GOs have an important role in ensuring that the Department's policies are disseminated to and understood by the key regional audiences;
- Delivering specific outcomes, including administration of the current Structural Fund programmes.

71 http://www.hm-treasury.gov.uk/media/1E1/11/bud06_govtoffices_951.pdf

3.46 Likewise they play an important part in helping to shape national policy by making sure that regional concerns are fed into the policy-making process at the right time. Examples of the former include: the role that GOs have had in working with local authorities and other partners on the development of the economic development ("4th")block of Local Area Agreements; and the role that GOs have had in facilitating the Regional Funding Allocations advice (see below) that the regions submitted to Government at the end of January 2006. Underpinning these roles is the collection of economic and business intelligence and regional and local briefing.

Drive forward regional development across the Department and with GOs and RDAs

3.47 The Government (led by the Department, HM Treasury and the Office of the Deputy Prime Minister) and the RDAs have published an analysis of the key economic factors that contribute to the performance of the English regions.[72] This focuses on regional empowerment, leadership, employment, skills, enterprise, innovation and investment. A second publication by the three Departments, Realising the Potential of all our regions: the way forward[73] identifies the areas within these drivers of prosperity where Government action will have the greatest impact. These are: increasing employment rates, raising skills levels, increasing the levels of business start-ups, improving business performance and supporting high growth areas, increasing business investment in R&D, and the regional funding allocations. The appropriate mix of policies will vary between regions, but all need a vibrant and competitive private sector based on the delivery of innovative goods and services, which have high added value.

3.48 An important development in 2005-06 was the Regional Funding Allocations exercise. In July 2005, the Department published, jointly with HMT, ODPM and the Department for Transport, guidance to the regions inviting them to provide Government with advice on spending priorities in each region on transport, housing and economic development, within an indicative funding allocation envelope over the period to 2015-16. This advice was delivered in January 2006 and is now being considered by Departments.

Figure 3.3 Total Government funding for RDAs (£million)

	2005-06 Budget	2006-07 Budget	2007-08 Budget
Advantage West Midlands	289	286	293
East England Development Agency	131	136	139
East Midlands Development Agency	166	164	168
London Development Agency	397	393	402
North West Development Agency	384	403	411
One North East	248	253	260
South East England Development Agency	166	165	168
South West of England Development Agency	151	161	165
Yorkshire Forward	293	311	319
Total	**2225**	**2272**	**2325**

72 http://www.odpm.gov.uk/pub/481/RealisingthePotentialofallourRegionsthestorysofarPDF1197Kb_id1139481.pdf
73 www.odpm.gov.uk/pub/482/RealisingthePotentialofallourRegionsthewayforwardPDF1027Kb_id1139482.pdfess

Regional Assistance

Working with the RDAs, to deliver the Selective Finance for Investment in England (SFIE) support product for investment in Assisted Areas.

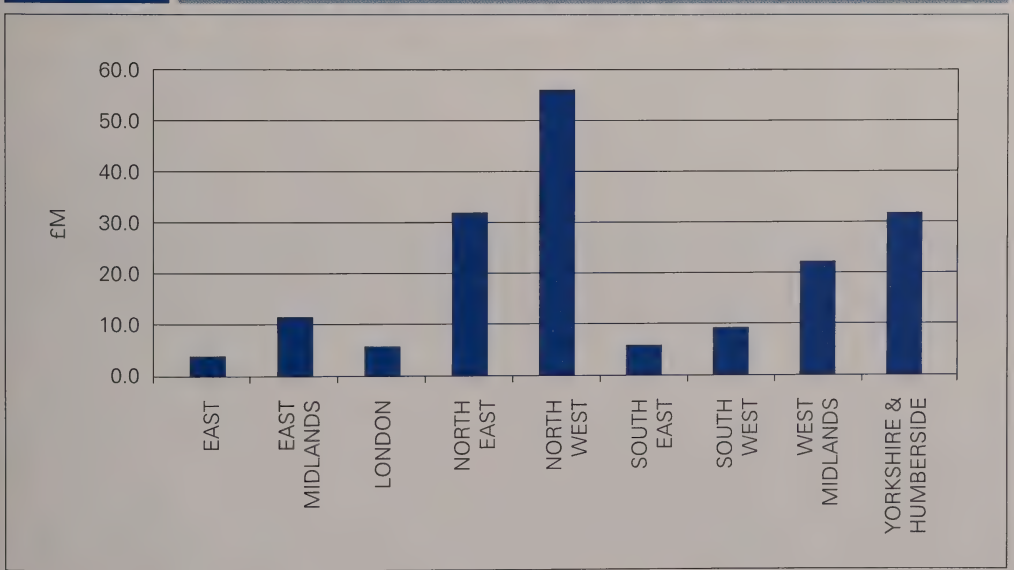
3.49 With effect from 1 April 2004, a new capital investment product was introduced replacing Regional Selective Assistance (RSA) and Enterprise Grants (EG) in England. The new business support product Selective Finance for Investment in England (SFIE) replaced RSA in the English Assisted Areas and offered a more limited form of assistance in the Tier 3 areas, similar to that available under EG. SFIE has similar qualifying criteria to the previous product with additional focus on:

- Improving productivity, measured by Gross Value Added (GVA) per Full Time Equivalent (FTE) employee compared to sector and national averages;
- Raising skill levels, with the majority of jobs required to be at NVQ level 2 (or equivalent) or above.

3.50 The RDAs are largely responsible for delivery of the product with only the largest cases (£2 million or more) undertaken by the Department.

3.51 The Department works very closely with RDAs, providing them with tailored training courses and day-to-day advice on appraisal and monitoring issues. An evaluation to assess the impact of the SFIE and RSA in light of its objectives and examine whether this represents value for money was started in January 2006. A critical aspect of the evaluation will be to assess whether the change from RSA to SFIE has increased the effectiveness of the scheme. Future spending on SFIE will follow new guidelines from the European Commission on regional aid. A new UK Assisted Areas Map will come into effect from January 2007 (see below).

Figure 3.4 Expected SFIE/RSA Expenditure for 2005-06 by region



Working in partnership with the European Commission to review Regional Aid

3.52 The review of Regional Aid Guidelines was prompted by recent political & economic developments such as the accession of 10 new Member States in 2004; the anticipated accession of Bulgaria and Romania and the accelerated process of integration following the introduction of the single currency. The Guidelines aim for less and better targeted state aid that helps create a level playing field for business across the EU whilst giving Member States scope to tackle regional underperformance through investment aid. The percentage of the UK population covered by assisted areas status will reduce from 30.9% (2000-2006) to 23.9% (2007-2013). Of this, approximately 4.6% has been allocated to Cornwall & Isles of Scilly, West Wales & the Valleys, and the Highlands & Islands which would get tier 1 or 87(3)a status. Given the unique circumstances and difficulties in spatial targeting in Northern Ireland (2.9% of the UK population) the province will receive 87(3)c status. This leaves the UK with16.4% of discretionary coverage equating to approximately 11 million people that could receive regional aid.[74] In January 2006, the Department launched a consultation on how to deploy this discretionary coverage. A new Assisted Areas map will be in place by January 2007.

Negotiate for the UK on the European Commission's proposed Regulations for Structural Funds after 2006 and oversee the implementation of current programmes to avoid loss of EU funds.

3.53 The Department is responsible for coordinating UK policy on the European Structural Funds (ESF) and their implementation at the UK level. The Funds aim to promote regional economic development through support for business, R&D, innovation, regeneration and skills and training.

3.54 Current Structural Funds programmes last until the end of 2006. In July 2004, the Commission published a package of draft Structural Funds Regulations for the seven-year period from 2007. Discussions on these Regulations began in September 2004 and have now reached their final stages. In December 2005, the European Council reached agreement on the EC budget for 2007-13. This included an allocation of 9.4 billion (approximately £5.4 billion) for Structural Funds programmes in the UK.

3.55 Under the UK Presidency of the EU, good progress was made towards agreement on the rules governing future Structural and Cohesion Funds spending, and new revised texts of the draft Regulations were issued at the end of December 2005. In line with UK objectives, these provide for simplified implementation and reporting arrangements, respecting the principles of subsidiarity and proportionality to which Government attaches importance.

3.56 The new Regulations also make provision for a more strategic approach to future Structural and Cohesion Funds spending, in line with the proposals for reform put forward jointly by the the Department, HM Treasury and ODPM in March 2003.[75] In July 2005, the European Commission published draft Community Strategic Guidelines, which establish the overall approach and priorities at the EU level. The Department coordinated the UK response to this consultation.[76]

74 Tier 2 or 87(3)c status
75 http://www.dti.gov.uk/europe/consultation.pdf
76 http://www.europa.eu.int/comm/regional_policy/sources/docoffic/2007/osc/report.pdF

3.57 Good progress was also made on the Community Strategic Guidelines that will set the strategic focus for future use of the Funds. The UK Presidency put forward new proposals for strategic reporting on SCF spending, that would see Member States report both on the contribution made to the Lisbon process of economic reform and on regional policy more generally.

3.58 For the period 2000-06, the UK has Structural Funds allocations of €16.5 billion (approximately £11.2 billion). The Structural Funds Regulations require individual programmes to meet annual expenditure targets in order to avoid loss of funding. In 2005, with the exception of small under-spends in some of the fisheries programmes and one ESF regional programme, all targets were met.

Influencing Other Government Departments

3.59 During 2005-06, the Department was strongly engaged in the work to achieve better alignment at the regional level of priorities for transport, housing and economic development. The Department has also been actively engaged in Government's response to Kate Barker's Review of Housing Supply including the consultation draft of Planning Policy Statement 3 (PPS3): Housing[77].

Plans for 2006-07

- Work with the RDAs, Government Offices and other Government Department's to make sustainable improvements in the economic performance of all the English Regions by 2008 and narrow the gap in growth rates between them;
- Work in partnership with the RDAs so that they are even more closely engaged in Departmental policy formulation;
- Work with HMT, ODPM, the RDAs, GOs and others on the review of subnational Interventions on economic development and the regeneration and renewal of deprived neighbourhoods, announced in the Budget 2006;[78]
- Make the most cost effective use of EU Structural Funds by maximizing take up of current Structural Fund programmes and securing agreement on the new EU regulations in line with UK objectives for reform;
- Complete the drawing up of the new Assisted Areas map in a way which maximises the impact of regional investment on future regional and national economic development and growth.

Figure 3.5 DTI/UK Trade & Investment Expenditure on Strengthening Regional Economies (£million)

	2004-05 Outturn	2005-06 Working plans	2006-07 Plans	2007-08 Plans	2008-09 Plans
Total of which:	655.8	811.6	1392.3	743	
RSA/Selective Finance for Investment in England	38.08	39	42	32	
EG/Enterprise Grants	0.0	0.0	0.0	0.0	0.0
RDA Single Pot	322.3	532.1	499.9	507.9	
ERDF expenditure	280.5	237.9	36.0	203.1	289.1
Rover Task Force					
University Innovation Centres	14.2	6.6	2.8	Nil	Nil

77 Consultation Paper on New Planning Policy Statement 3 (PPS3): Housing, ODPM – Dec 2005
78 Chapter 6, paragraph 6.8 of the Budget Report, March 2006. http://www.hm-treasury.gov.uk/budget/budget_06/budget_report/bud_bud06_repindex.cfm

PRIORITY ACTION 2005-06: Raise national and regional economic performance by working more effectively with the RDAs and other regional bodies.

The National Regional Partnership Programme aims to embed the regions and regional issues more deeply in DTI's work. Closer working with the regions will help the Department to develop better national policies and processes which reflect regional diversity and generate economic development across the country.

The Programme has focused on four key policy areas – enterprise, innovation, energy and international trade and investment – where significant progress has been made. This demonstrates both the culture change taking place across DTI to think regionally and recognition of the value of the RDAs as true partners in the development and delivery of policy, a fact acknowledged and welcomed by the RDAs themselves.

Key achievements in 2005-06 include:

- closer, more focused engagement with the RDAs on the six Regional Economic Strategy reviews this year; SBS National Policy Directors located in the regions;
- joint DTI/RDA decision making boards working well, for example the National-Regional Partnership Board for Business Support and the Regional Innovation, Science and Technology Group;
- RDA Sector Facilitators (in RDAs) established to improve DTI/RDA engagement on sector related issues; outline regional business plans on energy projects for 2005-06 agreed with all RDAs; "dual key" arrangements for signing off DTI/RDA international trade activity fully in place;
- and inward investment targets agreed with all RDAs.

Promoting International Trade and Inward Investment

3.60 International trade and inward investment bring benefits by enabling countries to concentrate their resources on the things they do best – specialising in their areas of 'comparative advantage' – and by strengthening productivity and its key drivers.

3.61 Greater internationalisation can strengthen competition and innovation, and increase access to new ideas and technologies, while the opportunity to sell on world markets raises the return to innovation, delivers learning benefits, and enables businesses to achieve growth and economies of scale which domestic markets alone would not allow.

3.62 UK Trade & Investment is the Government organisation that supports both companies in the UK trading internationally, and overseas enterprises seeking to set up or expand in the UK. It brings together the work of the Department and its other parent department, the Foreign & Commonwealth Office (FCO), on international trade and inward investment.

3.63 UK Trade & Investment has an operating budget of some £280million and deploys around 2,300 people to achieve global reach for its services. It has a presence in the nine English regions and, via the FCO overseas network, in more than 100 countries.

3.64 UK Trade & Investment is not an employer in its own right. For the majority of its civil service manpower requirements it draws on staff employed by one or other of the two parent departments. In the UK most of its staff are drawn from the Department while overseas most of its staff are from the FCO. UK Trade & Investment also draws on its parent departments for some 'back office' functions including finance, HR and IT support systems.

Performance in 2005-06

3.65 Last year UK Trade & Investment helped nearly 2,000 companies prepare to do business internationally for the first time, and nearly 6,000 companies move into markets new to them. Many more were reached and helped in a variety of ways, both here in the UK with advice and support on sector-specific issues, and through contacts 'on the ground' with our Posts overseas. UK Trade & Investment's Enquiry Unit handled more than 40,000 telephone calls and emails. In 2004-05 over 1,000 overseas companies chose to invest in the UK, creating nearly 40,000 jobs and safeguarding a further 35,000. This represents 31% more investors and 55% more new jobs than in the previous year.

UK Trade & Investment's overarching aim is:

"To enhance the competitiveness of companies in the UK through overseas trade and investments; and attract a continuing high level of quality foreign direct investment."

3.66 UK Trade & Investment has one PSA target for the SR2004 period, shared with the FCO (Strategic Priority 5) and the Department's (PSA Target 8) that supports this aim:

"By 2008, deliver a measurable improvement in the business performance of UK Trade & Investment's international trade customers, with an emphasis on new-to-export firms; and maintain the UK as the prime location in the EU for foreign direct investment."

3.67 UK Trade & Investment's own 2006 Departmental Report sets out in more detail its activities and explains how the organisation is delivering its PSA target. This is available on UK Trade & Investment's website[79]. A summary of progress to date against its PSA indicators is contained in this Report.

Plans for 2006-07

3.68 In his Budget Statement in March, the Chancellor announced an enhanced role for UK Trade & Investment in helping business respond to the challenge of globalisation. UK Trade & Investment has been given responsibility for coordinating and driving across Government and its partners a new strategy for marketing the UK economy internationally. The objective is that the UK should be a key location of choice for many more high value-added international businesses. A strategy

79 http://www.uktradeinvest.gov.uk.

covering how it will do this, for both trade and inward investment, will be published by the summer. This will focus on high growth countries of strategic importance, such as China and India; on innovative and R&D intensive businesses; and on promoting London as the world's leading financial and business services centre. In order to achieve the strategy, UK Trade & Investment will undertake a programme of organisational change, with the clear aim of a fundamental transformation in its effectiveness in marketing the UK economy internationally. The overall goal is to ensure that within UK Trade & Investment there is the capability and sense of mission to deliver the Government objective that the UK should be a key location of choice for many more high value-added international businesses. Details of this programme will be published alongside the strategy.

Figure 3.6 Number of Participants supported at exhibitions, missions and seminars

	2003-04 outturn	2004-05 outturn	2005-06 working provision	2006-07 plans	2007-08 plans
Exhibitions	7,965	8,010	6,450	3,500[80]	3,500
Overseas seminars	316	610	450		[81]
Outward missions	4,445				
Vertical missions		1,200	1,050		[82]
Horizontal missions					
Inward missions (number of visitors)					
	550	[83]	[83]	[83]	

(Please note that since the publication of the 2005 Departmental Report, the way UK Trade & Investment meets customer needs has changed in response to the SR04 settlement. Consideration about how to present UK Trade & Investment performance will be discussed before publication of the 2007 Departmental Report with a view to presenting a more up-to-date view in the following tables)

Figure 3.7 Inward Investment cases and effect on jobs

	2000-01	2001-02	2002-03	2003-04	2004-05
UK Trade and Investment					
Number of active cases	1,115	1,103	1,147	1,464	1,761
Number of inward investment decisions in which UKTI was significantly involved	245	165	147.00	213	396
Number of new jobs created	15,976	4,329	5,426	5,392	10,599
Number of jobs safeguarded	6,589	1,252	3,077	1,728	5,309
NATIONAL FIGURES					
Number of inward investment decisions	880	843	717	813	1,066
Number of new jobs created	71,168	35,359	34,624	25,614	39,592
Number of jobs safeguarded	52,359	23,961	20,265	34,000	35,451

80 SESA support was reviewed in 2005. As a result of the review from 1 April 2006 the revised scheme, now known as the Tradeshow Access Programme (TAP), will only cover overseas exhibitions.

81 As from 1 April 2006 seminar support becomes the responsibility of the individual UK Trade & Investment sector teams. They will support these seminars from their programme expenditure.

82 As from 1 April 2004 missions have been split into vertical (sector specific) and horizontal missions. Vertical missions were included in Support for Exhibitions and Seminars Abroad (SESA) until 31 March 2006. However, as from 1 April 2006 sectoral missions will be the responsibility of individual UK Trade & Investment sector teams.

83 As from 1 April 2004 inward missions are the responsibility of the individual UKTI sector teams. They will support these missions from their programme expenditure.

Figure 3.8 UK trade and Investment Programme Expenditure: Major Programmes (£ million)

	2003-04 outturn	2004-05 outturn*	2005-06 working provision**	2006-7 plans**	2007-08 plans**	2008-09 plans**
Trade Development	**75.9**	**76.5**	**67.9**	**63.9**	**57.1**	**57.1**
of which:						
Support for Exhibitions and Seminars Abroad (SESA)[84]	19.2	19.5	16.6	0	0	0
Tradeshow Access[84]				10	10	10
Passport	5.4	5.2	5.9	6.6	6.7	6.7
International Trade Advisors	10.9	14.7	16.1	17	17	17
Overseas Project Fund	2.4	0.7	0.05	0	0	0
Sector support in markets	10.9	11.6	12.2	12	11	11
Outward missions	1.8	1.1	0.1	0	0	0
Export promoters	2.4	2	1	1	1	1
Sales lead services	1.4	0.4	0	0	0	0
Income	-1.3	-1.1	-1.1	-1.5	1.6	1.6
Inward Investment	**20.7**	**22.9**	**27**	**31.4**	**34**	**34**
of which:						
Grants to RDAs	12.9	13.2	15.2	17. 2	17.2	17.2
Promotional expenditure	6.6	9.7	12.1	11.8	12.4	12.4

Note: **This is not a comprehensive list of all UK Trade & Investment-funded programmes but includes the main areas of spend only.**

*2004-05 outturn figures quoted in the 2005 Departmental Report were provisional

** Figures are indicative only.

*** Sales lead services has been incorporated as Business Opportunities and features on the UK Trade & Investment Website at www.uktradeinvest.gov.uk

Figure 3.9 Expenditure on Trade and Investment

	2003-04 outturn	2004-05 outturn*	2005-06 working provision**	2006-7 plans**	2007-08 plans**	2008-09 plans**
Expenditure	97.9	100.5	96.1	96.8	91.1	91.1
Income	-1.2	-1.1	-1.2	-1.5	-1.6	-1.6
Net	**96.6**	**99.4**	**94.9**	**95.3**	**89.5**	**89.5**

Effective Channels with Business

3.69 The Effective Channels with Business objective is a key conduit for dialogue with business and ensures that Government understands the consequences of its actions on productivity and performance particularly in relation to regulation, innovation, public procurement and skills. Understanding is built up through the combination of high quality analysis, focussed relationship management of targeted businesses and intermediaries, and formation of Industry/Government growth teams and specific joint industry/Government discussion of major regulations.

3.70 This has continued to be strengthened and deepened via a strong two-way communication processes with some 260 key companies and 100 intermediaries who influence the corporate strategy and performance of the rest of their

84 SESA support was reviewed in 2005. As a result of the review from 1 April 2006 the revised scheme, now known as the Tradeshow Access Programme (TAP), will only cover overseas exhibitions. Figures for the Tradeshow Access Programme will be reported in future Departmental Reports.

sector. Such co-operative engagement has enabled the Department to further enhance its knowledge and ability to influence policymaking and regulatory development at an early stage, and thus to create the best conditions for UK business success.

Performance in 2005-06

3.71 Each year we survey our stakeholders to discover what they think about the work the Department has done for them in the previous year. The 2005 survey achieved an 83% response rate, which is very high for such surveys and this demonstrates that these companies care about the relationship with us. The scores of favourability held up despite the lower level of resources we have applied to this work this year. Stakeholders identified our ability to influence wider policy-making within Government as a most important attribute which was seen as improved, but not yet sufficient. Areas of co-operative engagement include: the Manufacturing Forum where industry, TUC and Government are jointly focussed on the issues of skills, public procurement and image with deliverables scheduled for 2006-07; and the EU Industrial Policy agenda where key policy issues in the Energy, Environment, Pharmaceuticals, Defence and Bioscience sectors have been co-operatively identified. Provisional monitoring results indicate that the overall business support portfolio is on track to realise anticipated economic benefits.

3.72 The Innovation and Growth Teams (IGTs) continue to have a broad membership drawn from industry, Government and other major stakeholders. IGTs draw upon sectoral analysis undertaken on behalf of the Department and look strategically at a specific industry sector and seek to identify key issues that will shape the future. IGT's have looked at the Automotive, Chemicals, Retail, Aerospace, Bioscience, Electronics, Environmental Goods and Services, Software and Digital Content and Materials sectors and published recommendations for action by industry and Government. We keep under review progress made on implementing such recommendations. Further reviews are planned for 2006-07.

3.73 Business recognises an ongoing improvement in the level of engagement with regional partners. The Department is working closely with RDAs to improve the way we work together on sectors. Key actions have been agreed to simplify the engagement process, such as the establishment of RDA Sector Facilitators, providing named sector contacts in each region and developing networks to ensure effective management of key companies.

3.74 The Department is maintaining the UK's position as one of the best places in the world for online business, with almost 100% of the population now able to access broadband services, and the UK's broadband market now ranked first for extensiveness among G7 countries.

3.75 The timetable for digital switchover was confirmed in September 2005 and resulted in the formation of Digital UK, a not for profit organisation, responsible for switchover implementation. The Department together with No 10 launched a Digital Strategy in April 2005. This envisaged action by several Government Departments working in partnership with business to engage people otherwise excluded from the information revolution.

3.76 The Department has also been actively engaged on issues of Internet governance

(representing the EU at the World Summit on the Information Society) where Departmental officials were instrumental in proposing and driving through the last-minute compromise that allowed the Summit to succeed. The Department also led the work with Ofcom and other Government Departments to decide on the implementation of the proposals contained in the independent audit of public sector radio spectrum, which had been conducted by Professor Martin Cave to implement a programme of spectrum management liberalisation.

3.77 The Department continued to effectively influence both policy and regulatory activity for the benefit of UK business. A key ingredient in this process has been the factoring in of business views to the Whitehall review process using the Sector Regulatory Fora. These Fora, in which Industry actively participate, cover the Bioscience, Automotive, Chemicals, Construction, Retail and Electronics sectors. The Department is also active in influencing regulation within the EU and the Sector Fora are an important part of this process.

Plans for 2006-07

- Drive development and delivery of Government's Manufacturing Strategy Action Plan, through the multi stakeholder Manufacturing Forum, including ensuring delivery of the Forum's priority actions on skills, public procurement and image;
- To co-ordinate all Departmental activities associated with the 2012 London Olympics, which includes joint responsibility with DCMS for maximising the wider economic benefits of the Games across the UK;
- Drive engagement in the EU Industrial Policy agenda by inputting directly to the following High Level Groups.
 - (i) Energy, Environment and Competitiveness
 - (ii) Defence
 - (iii) Pharmaceuticals;
- Continue to partner with the Ministry of Defence in delivering the objectives set out in the Defence Industrial Policy.

Figure 3.10 Expenditure on Effective Channels with Business (£million)

	2003-04 Outturn	2004-05 Outturn	2005-06 Outturn	2006-07 Plans	2007-08 Plans
Total	**17.5**	**12.2**	**12.7**	**9.6**	**8.6**
of which:					
Building effective relations with business	11.1	8.4	9.2	6.2	4.7
Enabling infrastructure	6.4	1.7	1.8	2.1	2.6
Capturing and analysing data on business performance	0.0	2.1	1.7	1.3	1.3

Promoting World Class Science and Innovation

Introduction
Science and Engineering
Knowledge Transfer and Innovation

Introduction

In 2004 Government outlined its vision for science and innovation over the next decade with the overall ambition to make the UK one of the most competitive locations for science, R&D and innovation in the world.

The Department is working to create a supportive environment for the development of ideas through a skilled and flexible workforce, a strong science and research base and a balanced attitude to risk and reward so that British business can successfully innovate: exploiting ideas, wherever they come from.

The Department needs to do this if the UK is to remain globally competitive, and can only do this by having successful businesses. Businesses can be successful in a global economy if they use and provide effective and efficient processes, products and services.

Since its publication in 2004, significant progress has been made in delivering on the measures set out in the '10 Year Science and Innovation Investment Framework[85].

- The UK continues to retain its position on the world stage second only to the USA on most leading science indicators;
- The Department has taken massive strides in updating and renewing UK laboratories and science facilities through the Science Research Investment Fund now worth £500million a year;
- Research careers have been made more attractive through increases in stipends and better training; today more PhDs than ever are qualifying from UK universities;
- The Technology Programme is supporting collaboration, knowledge transfer and R&D into promising new technologies under the business-led Technology Strategy Board's guidance; as well as pull through from universities, this programme supports business-to-business technology development projects. The Department is also looking at how to encourage more innovation in the service sector – where businesses can gain high value from the use of innovative products and processes but do not necessarily do the R&D themselves;
- The Department encourages Knowledge Transfer from Universities through the Higher Education Innovation Fund (HEIF). This makes use of the UK's strengths in basic research and encouraging innovation by helping ideas move towards the applied research that is so important to Business R&D. This has resulted in a step change in the way Universities treat their knowledge and intellectual property (IP);
- Public procurement of innovative solutions through initiatives such as the

85 Science & innovation investment framework 2004 – 2014, published by HMSO July 2004, ISBN 1-84532-031-X

Small Business Research Initiative (SBRI) and work with the Office for Government Commerce are making Government a more intelligent customer prepared to buy the outputs of business R&D. The Department is also piloting new ideas to stimulate innovation and manage risk in procurement e.g. with the NHS for Primary Care Trust construction projects;

- Skills development is another key area and the Department works closely with DfES and business to ensure that demand led requirements are built into skills strategies.

Science and innovation are not only key drivers of wealth creation; they also underpin evidence based policy development, improved service delivery and effective international diplomacy. The Government's Chief Scientific Adviser leads in ensuring that science and research, as well as expert and independent advice, are managed and used to best effect across Government.

Science and Engineering

Performance in 2005-06

UK Research Base is performing to a high standard against annual global benchmarks for excellence

3.78 The UK Science Base retains its strength and depth across all disciplines[86]. The Arts and Humanities Research Council has successfully completed its first year and has been a valuable addition to the Research Council UK partnership, reinforcing the importance of the full spectrum of research across disciplines.

3.79 The Performance Management System for the Research Councils has been implemented and quarterly returns have indicated that key deliverables are on track. There are a number of agreed metrics that will provide evidence of the UK research base's improvement against world benchmarks.

3.80 The Medical Research Council (MRC) received over £120million as part of one of the biggest deals to come out of breakthroughs by British scientists. This involved a drug used to treat rheumatoid arthritis, created using patented technology derived from research at the MRC Laboratory of Molecular Biology in Cambridge and The Scripps Research Institute in California.

3.81 The UK is to play a major role in the European Space Agency's (ESA) robotic space exploration programme, Aurora. The UK, through the Particle Physics and Astronomy Research Council (PPARC), will be the second largest contributor with a leading role in a programme designed to improve understanding of Mars and the Solar System.

UK Research Base is more robust and sustainable financially, with continued strategic investment in infrastructure

3.82 In taking forward its commitment to improve the long term sustainability of UK research Government invested £120million in 2005-06 to enable Research Councils to begin paying 80% of the full economic costs of the research they commission from Higher Education Institutions (HEIs)[87]. Set alongside this important reform to the Dual Support System Government continues to invest directly in the infrastructure of the university sector through the Science Research Investment Fund, a dedicated capital funding stream worth £500million a year.

86 PSA Target Metrics for the UK Research Base

87 DTI and DfES Ministers announced in January 2005 that Research Councils would pay 80% of the full economic costs of the research they commission from HEIs beginning September 2005

3.83 A parallel strand of work continues in relation to the sustainability of public sector research institutes and laboratories. The OST set up the Research Establishment Sustainability UK (RESUK) forum in 2005 to enable representatives from public sector research establishments and their parent bodies to work together on implementation of the Research Council Institute and Public Sector Research Establishments Sustainability Study (RIPSS) guidelines.

UK Research Base has a higher performing, diverse workforce, educating and training more and higher quality scientists and engineers for the UK workforce, including a significant increase in the involvement of women in the governance of science, engineering and technology and school leavers equipped to engage in science as active, informed citizens of the future.

3.84 The UK produces over 14,000 PhDs per year. Measures for Research Careers introduced in 2005 included increasing the average Research Council PhD stipend to £12,000, providing funding for transferable skills training for Research Council PhD students and postdoctoral researchers and increasing the average Research Council postdoctoral salary by around £4000 between 2002-05.

3.85 The UK Resource Centre for Women in SET (UKRC) is delivering a range of programmes including the new Returners Package, the SET for Work Scheme in 13 English HEIs, Employer Award and Recognition Schemes, a database of women in SET and successful collaborations with bodies such the Royal Academy of Engineering. Total funding for the UKRC is £6.9million to 2008.

3.86 OST has provided an additional £550,000 to enable the Science, Engineering, Technology and Mathematics Network (SETNET) to employ 10 regional directors. SETNET is now focusing activity on harder to reach schools and on groups which are under-represented in post-16 SET education. OST is providing £1.5million of funding to SETNET for a dedicated programme to benefit Bangladeshi and Pakistani girls and Caribbean boys which was launched in March 2006. In the budget we announced a further commitment to expand significantly the Science and Engineering Ambassadors Scheme to support teachers and engage and enthuse pupils to continue studying science. We will invest a further £900,000 over the next two years so that by 2007-08 we will have increased the total number of ambassadors by 50% from 12,000 to 18,000.

UK Public are more positive and confident about science and its use generally, and more engaged in these matters.

3.87 During 2005-06 rapid progress has been made to take forward public engagement and dialogue projects under the Sciencewise programme. In August, 2005, Government published its outline programme of public dialogue on nanotechnologies. This was followed up in November with further commitments in the first report of the Nanotechnologies Research Coordination Group. In January 2006, the first public dialogue process under the 'Nanodialogues' Sciencewise project took place, related to the application of nanoparticles for environmental clean up. Further priorities for public dialogue have been identified, and include brain science, stem cells and future challenges from emerging technologies.

3.88 In September, Government published its response to the Council for Science and Technology's report "Policy Through Dialogue". The report sets out a range of commitments to embed public dialogue and engagement within policy and decision-making on science and technology issues.

UK researchers, businesses and Government gain greater benefit from international partnerships and programmes in science and technology, as measured by evaluations and metrics established by the Global Science and Innovation Forum, and monitored through annual assessments.

Global Policy

3.89 The Global Science and Innovation Forum (GSIF), established in January 2005 and chaired by Sir David King, brings together key Government players in international science and innovation. GSIF is responsible for overseeing the design and implementation of the UK's strategy for international engagement in science and innovation with the overarching aim of making UK the partner of choice for global business looking to locate R&D activities overseas, and for foreign universities seeking overseas collaboration. Evidence studies have been completed and these will inform the development of strategy during 2006.

3.90 Bilateral and increasingly multilateral science and technology relationships with priority partner countries and key organisations have continued to be pursued this year, with much of the emphasis on aligning the bilateral approach with G8 and EU priorities, predominantly climate change and African development. These have culminated in a comprehensive programme of bilateral visits and multilateral meetings during 2005-06 by Lord Sainsbury and Sir David King. 2005-06 has also seen continued funding of the Dorothy Hodgkin Postgraduate Award Scheme, 162 PhD students from emerging and developing countries are currently studying in the UK, with another large cohort due to commence in autumn 2006.

EU

3.91 The EU's Framework Programme for Research and Technological Development (RTD) is the main funding mechanism for supporting collaborative RTD in the EU. Government provides a comprehensive promotion and advisory service for UK organisations including a network of National Contact Points, central website and helpline. The Department has also continued to take up the concerns of UK participants and successfully pressed the Commission to simplify the administrative processes associated with the programme.

3.92 During the UK Presidency of the EU the Department took the lead on the negotiation of the Seventh Framework Programme (FP7). This culminated in the UK Presidency and the Council agreeing to a Partial General Approach (a PGA is a non binding political agreement) on FP7 at the Competitiveness Council in November 2005. The PGA is an important achievement, and is crucial for keeping FP7 to the overall legislative timetable. It confirms agreement on some of the main principles behind FP7, notably the critical importance of improving Europe's research, technology transfer and innovation performance to enhance global competitiveness and to increase growth and employment.

Government makes better use of science and scientific advice in making and delivering its policies within and across Departments and internationally.

3.93 Government continues to improve the quality of its science and scientific advice. The updated Chief Scientific Adviser's Guidelines on Scientific Analysis in Policy Making were published in October 2005 and address how evidence should be sought and applied to enhance the ability of Government to make better informed decisions. Alongside this, OST continue to review the way Government Departments identify their scientific requirements and commission, quality assure and use science and scientific advice.

3.94 The Council of Science and Technology (CST), the top-level advisory committee, has produced reports on Energy (*An electricity supply strategy for the UK*); Personal information (*Better use of personal information: opportunities and risks*); and public dialogue (*Policy though dialogue*). These reports, together with the CST's own annual report, can be found at www.cst.gov.uk.

Science Budget Allocations 2005-06 to 2007-08

3.95 OST is responsible for the allocation of the Science Budget for research via the eight Research Councils for which the Director General of the Research Councils, Sir Keith O'Nions is responsible. Government has substantially increased spending on science. Between 1997 and 2007 the Annual Science Budget will have more than doubled, rising to £3.4 billion enabling the Research Councils to raise their support for research substantially.

Foresight

3.96 The Brain Science, Addiction and Drugs project produced scenarios for the development of drugs for treating addiction and mental health, and for the use of performance enhancing substances more broadly.

3.97 The Intelligent Infrastructure Systems project explored how science and technology may be applied over the next 50 years to the design and implementation of Intelligent Infrastructure Systems that are robust, sustainable and safe.

3.98 The one-year review of Flood and Coastal Defence confirmed that the project is leaving a lasting impression on the approach Government takes to flood management in the UK, while that of the Cyber Trust and Crime Prevention project highlighted the use of its scenarios to explore the implications of Information and Communications Technologies for future strategy in areas from road user charging to the tracking of criminals. All reports, action plans, reviews and scans are available via the Foresight website[88].

Science and Innovation Investment Framework 2004-2014: next steps

3.99 This discussion paper, published in the budget in March, presents the next steps in taking forward Government's 10-year framework for science and innovation. Against the background of increasing global competition for knowledge intensive business activity, next steps are presented on five key policy areas: maximising the impact of public investment in science on the economy through increasing innovation; increasing Research Councils' effectiveness; supporting excellence in university research; supporting world-class health research; and increasing the supply of science, technology, engineering and mathematics (STEM) skills.

88 www.foresight.gov.uk

Publications

- Science Budget Allocations 2005-06 to 2007-08, May 2005;
- The ten-year Science and Innovation Investment Framework Annual Report 2005, July 2005;
- Science and Innovation Investment Framework 2004-2014: next steps, March 2006.
- Chief Scientific Adviser Guidelines *on Scientific Analysis in Policy Making*, October 2005;
- The Government's outline programme for public engagement on nanotechnologies, August 2005.

All publications are available from the website[89]

Plans for 2006-07

- Invest in the UK research base to ensure its continued performance to a high standard against global benchmarks for excellence, relevance, responsiveness and productivity;
- Continue work to ensure that the research base is robust and financially sustainable, with a leading edge research infrastructure;
- Ensure that the skills demands of the UK economy are met by a higher-performing, diverse workforce, with more higher-quality post-graduate and post-doctoral scientists and engineers;
- Encourage the UK public to be more positive and confident about the development, regulation and use of science, engineering and technology;
- Work with other Government Departments to make better use of science and scientific advice in making and delivering policy;
- Help UK researchers, businesses and Government to gain greater benefit from international partnerships and programmes in science and technology;
- Continue to implement the 10-year Science and Innovation Investment Framework including taking forward the Consultation and proposals outlined in the recently published next steps document.

Priority Action – 10 Year Science and Investment Framework

In 2004 Government published the ten-year Science and Innovation Investment Framework, which set out a long-term vision for UK science and innovation, together with the ambition that public and private investment in R&D should reach 2.5% of GDP by 2014 (from a level of 1.9%). Alongside the Science and Innovation Investment Framework the Government also published a comprehensive set of indicators to monitor implementation of the ten-year framework, and made a commitment to report annually on progress against these indicators.

The first Annual Report published in July 2005 including updates on progress indicators and measures is available from the website[90]

89 www.ost.gov.uk
90 http://www.ost.gov.uk/policy/sif.htm

Figure 3.11 Research Councils Capital Assets (£million)

	Land and Buildings	Plant and machinery	Ships aircraft and vehicles	Equipment fixtures and fittings	Assets under construction	Investments	Total
Net book value at 31 March 2005							
BBSRC	199.4			1.4	0.1		**200.9**
CCLRC	180.9	114.0			45.0	143.2	**483.1**
ESRC	2.7			2.3			**5.0**
EPSRC	4.3			2.0			**6.3**
MRC	153.4		0.7	47.3	14.1		**215.5**
NERC	146.609	3.429	53.616	25.431	11.800		**240.9**
PPARC	36.601	16.447	0.274	–	–	6.047	**59.4**
Total	**723.9**	**133.9**	**54.6**	**78.5**	**71.0**		**1,211.0**

Figure 3.12 Breakdown of Significant international subscriptions by the research councils (£million)[91]

Research Council	Organisation/Activity	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
EPSRC	European Science Foundation	0.2	0.2	0.2	0.2	0.2	0.2
Total		**0.2**	**0.2**	**0.2**	**0.2**	**0.2**	**0.2**
CCLRC	Institute Laue-Langevin	10.8	13.2	14.5	14.8	13.7	13.7
	European Synchrotron Radiation Facility	6.1	6.6	7.2	7.4	7.6	7.6
Total		**16.9**	**19.8**	**21.7**	**22.2**	**21.3**	**21.3**
MRC	European Molecular Biology Conference	0.3	1.3	1.4	1.5	1.6	1.7
	European Molecular Biology Laboratory	5.9	7.2	8.1	8.5	9.6	10.5
	International Agency for Research on Cancer	0.6	0.7	0.7	0.7	0.7	0.8
	Human Frontier Science Programme	1.0	0.8	0.9	0.9	1.0	1.0
	EMBO		0.1	0.1	0.1	0.1	0.1
	EMBL – Special Capital Investments				0.1	0.2	0.2
	European Science Foundation				0.1	0.2	0.2
Total		**7.8**	**10.1**	**11.2**	**11.8**	**13.4**	**14.5**
NERC	Ocean Drilling Programme (ODP)	1.0					
	Integrated Ocean Drilling Programme (IODP)	0.7	2.5	3.5	3.1	3.4	0.5
	European Space Agency	46.3	45.7	45.8	39.9	38.3	41.6
	European Science Foundation	0.2	0.2	0.2	0.2	0.2	0.0
	New Initiatives	0.5	0.4	0.5	0.5	0.6	0.7
Total		**48.6**	**48.7**	**49.9**	**43.7**	**42.4**	**42.8**
PPARC	European Space Agency	46.9	55.2	53.7	60.0	66.1	70.0
	Anglo-Australian Telescope	1.5	1.5	1.9	0.9	0.5	0.4
	European Incoherent Scatter Facility (EISCAT)	0.6	0.5	0.5	0.5	0.3	0.3
	European Organisation for Nuclear Research (CERN)	73.1	75.7	87.2	78.7	80.1	81.6
	European Southern Observatory (ESO)	15.0	17.4	21.7	23.1	23.5	24.0
	European Science Foundation	0.1	0.1	0.1	0.1	0.1	0.1
Total		**137.1**	**150.3**	**165.0**	**163.2**	**170.5**	**176.3**

91 Information on previous years international subscriptions can be found in previous Departmental Reports.

Figure 3.13 Expenditure on Science (£million)

	2003-04 Outturn	2004-05 Outturn	2005-06 Working provision	2006-07 Plans	2007-08 Plans
Total OST Expenditure on Science	2,253.3	2,608.0	3,294.4	**3,247.6**	**3,464.5**
of which:					
Arts and Humanities Research Council		287.6	68.5	91.4	97.1
Biotechnology and Biological Sciences Research Council	269.1	287.6	321.3	371.6	381.8
Economic and Social Research Council	88.8	105.3	126.1	142.5	150.3
Engineering and Physical Sciences Research Council	378.8	497.3	575.0	636.3	721.2
Medical Research Council	420.9	455.2	503.6	503.5	546.5
Natural Environment Research Council	292.1	315.1	371.1	359.4	367.2
Particle Physics and Astronomy Research Council	272.7	274.0	337.4	306.5	315.2
Council for the Central Laboratory of the Research Councils	119.0	124.3	226.2	182.2	212.5
Research Councils' Pensions Scheme	29.7	31.1	18.1	0.0	0.0
Royal Society	29.4	31.0	32.6	36.4	41.1
Royal Academy of Engineering	5.3	5.6	5.9	7.9	9.8
British Academy	-	-	14.0	18.1	21.4
Diamond Synchrotron	36.2	86.9	74.2	45.0	0.0
Joint Infrastructure Fund	43.6	-	2.3	0.0	0.0
Science Research Infrastructure Fund	262.2	296.6	379.2	300.0	300.0
Capital Yet to be allocated	-	39.7	0.0	60.4	104.7
Knowledge Transfer	3.0	2.0	87.4	103.5	108.5
Restructuring, minor initiatives and contingencies	2.5	22.9	0.0	66.9	71.4
International Collaboration	-	-	0.0	3.0	3.0

Knowledge Transfer and Innovation

Performance in 2005-06

Infrastructure and Networks: Effective networks of business, Government, the research base and global partners improve UK's knowledge transfer and access to infrastructure.

3.100 The Department, through Knowledge Transfer Networks (KTNs), helps to facilitate business access to, and investment in, science, engineering and technology. The Department has established 18 KTNs in areas such as bioprocessing, materials, grid computing and resource efficiency with another three under consideration. The Department and other funders have allocated £40million to KTNs over a three-year period.

3.101 The Department is on course to complete the new facilities at The National Physical Laboratory by March 2007. The National Measurement System (NMS) has continued to sustain and improve the measurement infrastructure and knowledge base.

3.102 Increasing infrastructure access and knowledge transfer capability of the UK research base, equipment and sites to increase volume/activity of business is progressing. The National Weights and Measures Laboratory (NWML) has joined the Organisation International de Métrologie Légale (OIML) Mutual Acceptance Arrangement (MAA) as an 'utilising authority' and it is the intention to become an 'issuing authority' under the MAA when certain procedural changes have been implemented by OIML

Engaging business: Innovation performance of UK companies is driven up by increasing business engagement and demand for knowledge and innovation through coherent and responsive support that meets customer needs.

3.103 The business-led Technology Strategy Board is helping Government develop a national Technology Strategy ensuring that clear and consistent messages on innovation are conveyed and support activities channelled through the Technology Programme. The Technology Programme launched two competitions for Collaborative R&D projects during 2005-06, allocating over £160million. Collaborations with business intermediary organisations, RDAs and Business Links are being established to target messages to specific segments. Knowledge Transfer Partnerships (KTP) help businesses to improve their competitiveness and productivity through the better use of knowledge, technology and skills. Strong demand from business delivered over 1,000 live partnerships, the highest ever number.

3.104 The Global Watch service has had a successful year in driving up innovation performance within the UK. Secondment offers for 2005-06 increased by 40% and 25 outward missions were organised. Its network of International Technology Promoters (ITPs) facilitated 1,532 international technology partnership meetings and reported 149 international partnership deals since the beginning of the year. The Global Watch website has had almost 5,000 registered users and the magazine has a circulation of almost 54,000, reaching readers in 120 countries.

Frameworks: A world-class measurement, Intellectual Property (IP) and standards framework-based innovation system will create commercial opportunities for the UK, eg by doubling production of informal standards by 2008.

3.105 The Patent Office (PO) is developing an IP framework to improve UK's knowledge transfer. The Gowers review, launched to look at support given to business, will form the basis of the Framework. Improvements to the European Patent system have continued, with the London Agreement ratified in 2005.

3.106 The National Standardization Strategic Framework (NSSF) continues to promote the benefits of standardization, and to develop the UK's standardization infrastructure. The publication of an NSSF-sponsored research report on the macro-economic impact of standards found that 13% of the increase in UK labour productivity was attributable to formal standardization, equating to around £2.5billion per year of growth in the UK economy.

3.107 NWML is on track for implementation of the Measuring Instruments Directive (MID) by October 2006. Regulations to implement the Directive will be made by April 2006.

3.108 BNSC continues to develop strategic frameworks with the introduction of the UK Space Board and the Operation Board. Further work is planned in the form of a major study, intended to inform the development of the UK Space Strategy.

Partnerships: The Department led innovation agenda across Government and the regions creates stronger partnerships and improves methods of engagement that enable business, the not-for-profit sector, the research base and public sectors to realise increased productivity and quality of life.

3.109 OST have enhanced the capacity of RDAs through funding secondments from the research base. The Department successfully developed co-funding and marketing opportunities through the Technology Programme. The autumn 2005 competition established joint funding and assessment projects with Defra and the Research Councils.

3.110 The Department, Regions and Research Councils are strong partners in the development and exploitation of key technologies and the development of innovation platforms. Both approaches are the cornerstone the Technology Strategy. Implementation of the Third round of Higher Education Innovation Fund (HEIF) was launched November 2005. The HEIF is jointly funded by DFES and is worth a total of £238million over the two years 2006-08. Additionally, the Outcome of the third round of Public Sector Research Exploitation (PSRE) fund was announced on 19 January 2006, allocating nearly £25million to support commercialisation from PSREs. Annual surveys on HEI-business interaction and PSRE knowledge transfer programmes were published in January 2005 and spring 2006.

3.111 Patent Office has developed and implemented a coherent approach in engaging the regions in delivering an Intellectual Property awareness campaign aimed at SMEs. Initial findings indicate an 84% positive response from attendees.

3.112 Increased influence and development of investment opportunities outside the UK are being achieved through the good progress on the Galileo In Orbit Validation Phase. In late 2005, the UK secured agreement from other European countries for the Galileo Operations Centre to be located in the UK.

Innovation Leader: The Department is recognised as the innovation leader across Government, business and stakeholders

3.113 A focal point of the Department's work on technology and innovation is the business-led Technology Strategy Board. The Board published its first Annual Report[92] in November 2005 setting out the achievements and also the plans for developing a national Technology Strategy. As set out in the 'Science and Innovation Investment Framework 2004-2014: next steps', published as part of the recent Budget announcement, building on its success to date, the Government expects the Technology Strategy Board to play an increasing role in contributing to the development of the Government's innovation strategy across all important sectors of the UK economy. The Technology Strategy Board will have a wider remit to stimulate innovation in those areas which offer the greatest scope for boosting UK growth and productivity, and plans for it to operate at arms length from central Government are being developed.

Plans for 2006-07

- Establish effective networks that involve business, Government, the research base and global partners to improve the UK's knowledge transfer and access to infrastructure;
- Increase business engagement and demand for knowledge and innovation through coherent and responsive support that meets customer needs;
- Enable a world-class measurement, intellectual property and standards framework to create commercial opportunities for the UK;
- Lead the innovation agenda across Government and the regions, creating stronger partnerships and improved methods of engagement that enable businesses, the not-for-profit sector, research base and public sectors to realize increased productivity and quality of life;
- Monitor our progress and publish an update in the ten-year Science and Innovation Investment Framework Annual Report 2006.

Figure 3.14 Expenditure on Knowledge Transfer and Innovation (£million)

	2003-04 Outturn	2004-05 Outturn	2005-06 Working provision	2006-07 Plans	2007-08 Plans
Total	**289.9**	**313.7**	**317.1**	**244.8**	**300.5**
of which:					
Knowledge Transfer (formally industrial exploitation of science)	115.7	92.9	74.3	29.1	9.1
Technology Strategy Activities (formally part of knowledge transfer)	0	21.7	38.3	103.3	178.3
Exploitation of investment in the science base	48.8	76.0	87.4	0.0	0.0
Technical infrastructure	83.7	86.1	84.2	79.5	80.2
Space	41.7	37.0	32.9	32.9	32.9

92 Technology Strategy Board Annual Report 2005 Pub 8069/4k/11/05/NP. URN 05/1758

Ensuring Fair Markets

Introduction
Extending Competitive Markets
Corporate and Insolvency Activity Framework
Maximising Potential in the Workplace

Introduction

The Department works to achieve this strategic objective by delivering a framework for open markets and strong and independent competition authorities, by leading a strong drive to promote competition and open markets in the EU and worldwide; by simplifying regulation; and by ensuring individuals have the opportunity to contribute confidently to their full potential. All this will help deliver economic growth and foster forward thinking, successful businesses.

Underpinning delivery of the Department's strategic objective are its three business objectives. The Department is Extending Competitive Markets at home and abroad by reducing the regulatory burden on business while opening up markets in the UK and overseas in a fair and efficient manner. The Department promotes higher levels of competitiveness in Europe and is aiming to ensure that the UK framework for competition and consumer empowerment and support is at the level of the best by 2008.

In striving to achieve its objective of Maximising Potential in the Workplace the Department is maintaining and improving the overall level of UK labour market adaptability and is taking forward a modern equality agenda, for instance by establishing the Commission on Equality and Human Rights (CEHR). The Department has launched the Union Modernisation fund to assist trades unions to modernise their operations while making it easier for workers and employers to understand their rights and comply with their responsibilities.

The Department is enhancing the Corporate and Insolvency Activity Framework by implementing a reformed company law framework, promoting more efficient and effective capital markets and improving the efficiency and effectiveness of company registration, compliance, investigation and insolvency regimes.

Extending Competitive Markets

3.114 The Department's aim is to extend competitive markets by: developing markets both in Europe and throughout the world; reducing the regulatory burden on business arising from regulations; and placing empowered and protected consumers at the heart of a world-class competition regime.

Performance in 2005-06

A reduced regulatory burden that improves the business environment and encourages enterprise and growth.

Better Regulation:

3.115 A major Programme was established in 2005 to help deliver the Department's key better regulation outcome of an improved regulatory environment for business that encourages enterprise and growth, including delivery of at least £1billion of regulatory savings to business, by 2010. For further information on he Department's Better Regulation agenda please see Annex C2.

Putting in place the framework needed to achieve higher levels of competitiveness in the EU:

3.116 Better regulation was a key policy theme at EU level during the UK Presidency, leading to significant change in the EU's approach to regulation. Impact assessments with strong competitiveness testing will now be used throughout the EU policy process; sixty-eight proposals were withdrawn and a wide-ranging, simplification programme was launched. In addition, all Member States delivered their National Reform Programmes (NRPs) in autumn 2005. A report on UK Presidency achievements against the four original objectives can be found at the conclusion of the Extending Competitive Markets section.

3.117 During the enlargement process the Department has continued to press for compliance by applicant countries with their existing contractual obligations to the EU to address stakeholder concerns regarding barriers to trade.

3.118 During the Presidency, training was delivered that increased EU expertise across the Department, and further activities are planned to ensure continued effectiveness in EU negotiations. The Department also held stakeholder meetings across the country to listen to and inform business on European issues.

Markets in the UK and overseas opened up in a fair and efficient manner:

3.119 As reported under PSA 5, the main lever for meeting the target is the Doha Development Agenda (DDA) round of World Trade Organisation (WTO) trade negotiations. Through the UK's EU and G8 Presidencies, the Department worked to maintain the profile of development issues, with the emphasis on free and fair trade.

3.120 The Department has also worked on a range of European bilateral and regional measures in particular influencing EU policy following publication of the UK position paper on Economic Partnerships Agreements (EPAs). Through the EU, the Department reached agreement in summer 2005 to a new Generalised Scheme of Preferences (GSP) for 2006-15 intended to improve the preferential market access for developing country exports to the EU.

Minimising trade disputes and the use of trade-defence instruments:

3.121 The Department continued to work to reduce the cost of trade disputes and trade-defence measures to the UK economy, arguing for a negotiated settlement to disagreements between the EU and the USA over Government support for large civil aircraft. Initial talks were not successful, and the Department is assisting the EU Commission in a robust defence of launch investment for Airbus. The UK supported action against the USA, with other WTO members, given its continued failure to repeal the Byrd amendment in line with WTO rulings. The WTO also ruled that USA countervailing measures on privatised EU firms, including British Steel, were illegal. During the UK Presidency of the EU, the Department worked closely with the Commission and other EU Member States to come to an agreement with

China to resolve the so-called "bra wars", and successfully argued for the EU to introduce antidumping measures against dumped imports of farmed salmon from Norway.

Competition Policy

3.122 The Department has overall responsibility for competition issues although responsibility for making substantive decisions and enforcing competition law falls to the UK's independent competition regulators, primarily, the Office of Fair Trading (OFT) and the Competition Commission. The Department used its remaining powers to intervene on grounds of public interest in respect of two mergers in the defence sector, Finmeccanica's acquisition of the avionics and communication business of BAE Systems Plc and Lockheed Martin's acquisition of INSYS Group Ltd.

3.123 The Department is responsible for coordinating Government responses to OFT's market studies and has responded to recommendations regarding Care Homes and Property Searches. Under the Fair Trading Act 1973, the Department implemented the Competition Commission's recommendations on prescription-only veterinary medicines on 31 October.

UK framework for consumer empowerment and support is at the level of the best by 2008:

3.124 Please see the PSA 3 entry for further information on both The Consumer Strategy and other work that has contributed to this outcome – including Consumer Direct. The Consumer Strategy, "A Fair Deal for All[93]" was published in June 2005.

3.125 The "Tackling Over-indebtedness – Annual Report 2005[94]" set out progress against the cross-Government Action Plan to minimise the number of consumers who become over-indebted and improve the support and process for those in debt. The Report set out an analysis of the latest situation, presented progress and set out policy priorities for 2005-06. The Department's priorities included new consumer credit legislation, the £45million face-to-face debt advice project, a consultation on credit card cheques, working in partnership with the credit industry to increase data sharing and pilots on tackling illegal money lending.

3.126 The new Consumer Credit Act will amend and augment the Consumer Credit Act 1974 to:

- Improve consumer rights and redress;
- Improve the regulation of consumer credit businesses and provide for better OFT oversight; and
- Improve the consistency of the regulation of consumer credit agreements.

Plans for 2006-07

- Progress delivery of the Better Regulation Change Programme, to reduce the burdens on business arising from Government regulations;
- Use the Competitiveness Council, the High Level Group for Competitiveness & Growth and the Internal Market Committee to improve business competitiveness in the EU;
- Maintain European expertise across the Department post-presidency;

93 www.dti.gov.uk/ccp/topics1/pdf1/cstrategy.pdf
94 http://www.dti.gov.uk/ccp/topics1/overindebtedness.htm#report2005

- Reach agreement on the Doha Development Agenda;
- Progress implementation of the new Consumer Credit Act and ensure greater access to debt advice;
- Agree parameters of the Local Better Regulation Office in preparation for legislation and progress establishment of the extension of the OFT's role, as set out in the Hampton Report;
- Transpose into UK law the Unfair Commercial Practices Directive.

Priority Action – Improving Markets Through the EU Presidency

The Department made good progress against its four EU Presidency objectives as follows:

Better Regulation – The UK Presidency helped significantly raise the profile of EU better regulation, with the European Commission agreeing to withdraw 68 legislative proposals and publishing a wide-ranging programme to simplify over 1,400 legal acts. The UK brokered an agreement to promote impact assessment including competitiveness testing throughout the EU policy-making process. In the Competitiveness Council political agreement was achieved on the REACH Chemicals regulation.

Promoting Employment – The Department and other Government Departments helped ensure all Member States delivered Lisbon National Reform Programmes, setting out how they would boost growth and jobs. A deal on the Financial Perspectives ensured European Council agreement on the Structural and Cohesion Funds, increasing the amount and accessibility of EU development funds available to new Member States. The Department played an important part in facilitating discussion of how European social models can be adapted to meet the challenges of demographic change and globalisation.

Open and Sustainable Markets in an Outward Facing Europe – The UK as EU President, represented by the Department, was instrumental in achieving a consensus outcome at the United Nations World Summit on the Information Society and also represented EU interests in negotiations with Russia, India and China to secure energy supplies. The Department made substantial technical progress on key areas of the draft Services Directive and on measures designed to promote consumer confidence.

Boosting innovation and research – The Department reached partial general approach on the Seventh R&D framework programme in the Competitiveness Council. The agreement will improve the governance of the programme, make it easier for small businesses to access research funding and ensure funding promotes excellence in research. The Department also organised Informal Ministerial meetings on Competitiveness and Equality, and a number of other Presidency conferences to achieve Presidency policy goals. These developed networks between Ministers and officials, facilitated dialogue between stakeholders and the European Commission, and enabled Member States to share best practice solutions to common policy problems.

Figure 3.15 Expenditure on Extending Competitive Markets (£million)

	2003-04 Outturn	2004-05 Outturn	2005-06 Working provision	2006-07 Plans	2007-08 Plans
Total	**78.7**	**74.7**	**82.0**	**82.9**	**97.1**
of which:					
Citizens Advice	22.9	23.9	23.8	21.4	21.4
Citizens Advice (Scotland)	3.1	3.1	3.2	2.9	2.9
Competition Commission	26.2	20.1	27.1	20.8	20.3
Competition Service	2.9	3.7	4.1	3.6	3.6
Consumer Direct	3.2	14.3	16.9	0.0	0.0
National Consumer Council	4.0	3.8	0.0	15.0	30.0
Face to Face Debt Advice (Financial Inclusion Fund)	0.0	0.0	3.9	3.7	3.7
Royal Society for the Prevention of Accidents	0.2	0.4	0.2	0.4	0.4
Membership of WTO	2.7	4.1	4.4	4.5	4.8
SITPRO	1.3	1.3	1.1	0.9	0.8

Corporate and Insolvency Activity Framework

3.127 The Department aims to promote and deliver an effective framework for corporate and insolvency activity, giving confidence to investors, business and other stakeholders.

3.128 The Department together with its agencies, Companies House (CH) and The Insolvency Service, have a key part to play in ensuring that the UK's overall framework for business activity supports productivity, enterprise and the creation of long-term shareholder value. This framework needs to strike a balance between encouraging enterprise and protecting investors and other stakeholders; and between minimising regulatory burdens and ensuring there are adequate systems for ensuring transparency, compliance and enforcement.

Performance in 2005-06

More efficient and more effective capital markets as a result of greater confidence in the framework for corporate and insolvency activity arising from greater transparency and stronger participation.

3.129 The Department initiated a number of research activities to improve understanding of the impact of corporate governance on business performance and to develop a corporate governance network among the research community in the UK and Europe. These initiatives included the first annual Department corporate governance research conference in September 2005 and the commissioning of a series of research projects, the first of which is investigating the key drivers of good corporate governance and mapping recent policy responses to these.

A reformed company law framework minimises complexity to business and other users and enables enterprise.

3.130 The Department has been working with business and other stakeholders on a new Company Law Reform Bill to implement the work of the independent Company Law Review. Company law will be substantially changed, keeping the regulatory burden to a minimum, and making it easier to understand and more flexible, especially for small businesses.

The reforms rest on four key objectives:

- Enhancing shareholder engagement and a long-term investment culture;
- Ensuring better regulation and a Think Small First approach;
- Making it easier to set up and run a company; and
- Providing flexibility for the future.

Details of Government proposals were published in the Company Law Reform White Paper in March 2005. The Bill was introduced in the House of Lords on 1 November 2005.

3.131 Regulations have been introduced to give effect to the final provisions of the Companies (Audit, Investigations and Community Enterprise) Act. The regulations are intended to improve protection against corporate scandals by strengthening the independent regulation of the audit profession. The regulations delegating the Secretary of State's functions in relation to the regulation of statutory audit to the Professional Oversight board for Accountancy came into effect on 5 September 2005 The regulations requiring companies to disclose the cost of non-audit services provided by their auditors came into force from 1 October 2005.

3.132 Regulations came into force on 12 January 2006 (The Companies Act 1085 (Operating and Financial Review)(Repeal) Regulations 2005 (S.I. 2005/3442), that repeal the requirement on quoted companies to prepare an Operating and Financial Review for financial years starting on or after 1 April 2005. Quoted companies, however, have to include a Business Review as part of the Directors' Report, in compliance with the requirements of the EU Modernisation Directive.

3.133 At the same time as laying the regulations, Government invited views on whether any particular requirements of the Business Review should be clarified to achieve more effectively Government's objectives. On 1 February 2006 Government announced the decision to widen the consultation and extend the deadline to 24 March 2006, to ensure all points of view and relevant up-to-date evidence on company narrative reporting requirements are taken into account whilst the Company Law Reform bill is before parliament.

EU actions improve the operation of capital markets, promote market liberalisation in the interests of companies and investors and reduce regulatory burden

3.134 During the UK Presidency the Department strengthened dialogue with the European Commission to encourage a review of the post 2005 EU Company Law Action Plan and at the Corporate Governance Conference, in November 2005 the Commission announced a formal consultation on the medium to long-term priorities within the Action Plan.

3.135 The Department held a number of bilateral meetings with other Member States in the second half of 2005 to share the Department's objectives for future EU action and to identify areas of consensus.

3.136 EU action in 2005 was based on proposals contained in the Action Plan published in May 2003. The Cross-border Mergers Directive, which will put in place a legal framework for cross-border mergers between limited liability companies, completed the European legislative process in November 2005, to be implemented into national legislation by December 2007. Political agreement was also reached on the Directive on

Board Members' Responsibilities and the Improvement of Financial and Key Non-Financial Information (Revision of the fourth and Seventh Accounting Directives). This Directive aims to clarify board members' responsibility for financial and key non-financial information and to enhance disclosure and transparency. It also raises the monetary thresholds beneath which Member States may exempt small and medium companies from certain obligations of the accounting directives. The legislative process for this Directive is due to be complete in 2006 with Member States having two years to implement.

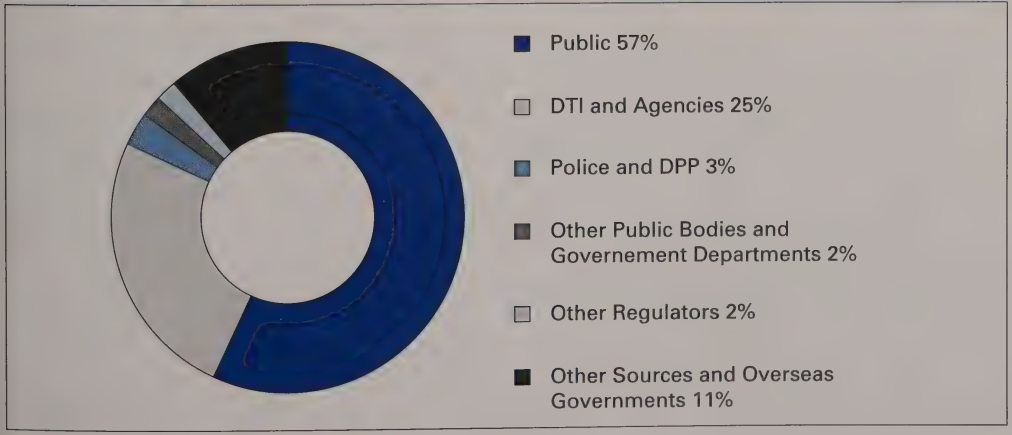
3.137 Political agreement was also reached on the revised 8th Company Law Directive on statutory audit. The Directive aims to increase stakeholder confidence in the statutory audit function and includes requirements on education, registration, independence, quality assurance and independent oversight of statutory auditors. It also sets out a process for the adoption across the EU of International Standards on Auditing and provides for the regulation of auditors of third country companies who have a listing on a regulated market within the EU. The Directive is expected to be adopted in mid-2006 and Member States will have two years to implement.

3.138 In July, in conjunction with stakeholders, the Department published "The UK approach to EU company law and corporate governance" to encourage and assist UK stakeholders to shape the EU agenda.

3.139 With effect from 1 January 2005, all companies whose securities are traded on a regulated market in the EU are required by the European Regulation on International Accounting Standards (IAS) to prepare their consolidated accounts in accordance with IAS. Regulations came into force on 1 October 2005 to help ensure a smooth transition to IAS. In particular, these allowed companies using IAS to continue to take advantage of the option to produce summary financial statements.

Improved efficiency and effectiveness of company registration, compliance, investigation and insolvency protects investors, business and other stakeholders.

Figure 3.16 Sources of Complaint Leading to Investigation



3.140 The Secretary of State has powers to investigate corporate malpractice where fraud or misconduct is suspected, where shareholders have been denied reasonable information or where he considers it to be in the public interest. These investigation powers contribute to the Department's enforcement regime to maintain an effective framework for corporate activity and dealing with unacceptable corporate behaviour.

3.141 In cases of strong public interest the Department is also able to appoint inspectors (under Section 432 of the Companies Act 1985) to investigate and report on the affairs of a company. During the year inspectors were appointed to investigate the affairs of the MG Rover Group and a number of its subsidiary companies. During 2004-05 177 investigations were completed and 107 companies wound up.

3.142 The Companies (Audit, Investigation and Community Interest Companies) Act 2004 expanded the powers of investigation into companies by widening the scope of those who might be called upon to provide information beyond those directly managing or employed by the company. Official Receivers consider whether the conduct of a bankrupt has been dishonest, reckless or culpable in some way and whether a Bankruptcy Restriction Order (BRO) should be sought against them. BROs can be obtained against bankrupts for a period of between 2 and 15 years, depending on the individual circumstances, and have the effect of imposing the restrictions of bankruptcy for that period.

3.143 Companies House is beginning to see greater take up of electronic services by customers as a result of its programme to enable more documents to be filed on line. Over 80% of incorporations and 95% of searches are now carried out electronically, and the percentage of Annual Returns filed electronically rose from 4% to 38% during a single year. It is now possible for 70% of registered companies to file accounts electronically by using a suitably enabled software package: the first set of e-filed accounts were registered in November 2005.

3.144 Companies House has also taken steps to improve the quality of information filed which has led to a 9% reduction in the rate of rejection of documents and has developed measures to help companies protect themselves against the use of the companies register by criminals to commit fraud. Companies House has worked to raise awareness of compliance, targeting advertising at areas with the lowest compliance rates and educating directors through seminars and published guidance.

Plans for 2006-07

- Promoting more efficient and effective capital markets as a result of greater confidence in the framework for corporate and insolvency activity arising from greater transparency and stronger participation;
- Implement a reformed company and insolvency law framework which minimises complexity to business and enables enterprise;
- Influencing the EU Company Law Action Plan to meet UK needs;
- Improving the efficiency and effectiveness of company registration, compliance, investigation and insolvency to protect investors, business and other stakeholders.

Figure 3.17 Expenditure on Corporate and Insolvency Activity Framework (£million)

	2003-04 Outturn	2004-05 Outturn	2005-06 Working provision	2006-07 Plans	2007-08 Plans
Total	**25.2**	**67.5**	**46.7**	**51.6**	**51.6**
of which:					
Investor Protection	4.2	4.6	3.8	3.6	3.6
Financial reporting and company law	3	5.7	3.5	5.0	5.0
Disqualification of Directors	15.2	30.0	33.1	39.3	39.3
Late filing penalties	2.8	3.1	3.6	3.7	3.7

Maximising Potential in the Workplace

Performance in 2005-06

3.145 The Department's challenge is to maximise potential in the workplace while maintaining an adaptable labour market and delivering a reduction in legal complexity for business both here and in Europe, raising the level of and demand for skills and promoting diversity and gender equality.

3.146 Innovation needs change in the workplace as well as in products, services and processes. Skills levels, organisational and managerial ability are important determinants of productivity and business performance. The successful introduction of new technologies depends on the introduction of new work practices. Business transformation will not work unless the workforce are involved and given the chance to influence and develop new and better skills.

3.147 In the future, the UK will have to compete more and more on the basis of unique and innovative products and services. This will require inspirational leadership, stronger management skills, a highly trained and motivated workforce, a flexible labour market that promotes diversity and fair treatment and workplaces that recognise environmental issues and the need for greater resource productivity.

Europe

Presidency Project

3.148 During the UK's Presidency of the European Union significant progress towards finding a consensus on revisions to the Working Time Directive was made. Member States however, remain divided about whether the Directive should apply per worker (as in the UK) or per job.

Adaptable Labour Markets

Age

3.149 In 2005-06 the Department continued to work with stakeholders on plans to outlaw unfair age discrimination at work and in vocational training. A major consultation on draft regulations was held between July and October 2005 receiving around 400 responses which helped refine the legislation. Regulations were approved by Parliament in March and will come into force in October 2006. The Department also provides funding to support stakeholder bodies to enable them to develop projects that provide information, help and direction for individuals in understanding their new rights under the age regulations and supporting the provision of practical workplace-focused guidance.

Work and Families

3.150 The consultation document 'Work and Families: Choice and Flexibility' was published in February 2005. The document sought views on how the employment measures proposed in the Ten Year Strategy for Childcare could be delivered in ways that met the needs of children, families and employers. The Government response to consultation was published in October 2005 and coincided with the introduction into Parliament of the Work and Families Bill, the first step towards delivery of a number of key commitments including the extension of maternity and adoption pay from six to nine months, widening the scope of the existing law to enable those with wider caring responsibilities to request to work flexibly and giving fathers a right to additional paternity leave. The Bill will also introduce measures to increase statutory annual leave entitlement to reflect the number of permanent bank holidays, help employers manage the administration of leave and pay and help employers and employees benefit from improved communication during maternity leave.

3.151 The Bill passed its Commons stages and was introduced into the House of Lords in January 2006. A number of consultations on secondary legislation related to the Bill – on maternity and adoption leave and pay; flexible working; and additional paternity leave – are ongoing. All documents referred to can be found on the website[95].

Skills

3.152 The Department, in partnership with DfES and through the Skills Alliance, has contributed to the continued implementation of the demand-led Skills Strategy. This includes the completion of the Skills for Business Network of twenty-five Sector Skills Councils, implementation of the first four Sector Skills Agreements and development of a further twelve, the further strengthening of Regional Skills Partnerships and the design of the demand-led National Employer Training Programme to be implemented from April 2006.

3.153 The Department, with DfES and other partners, published a prospectus for National Skills Academies with four proposals now in the business-planning phase. The Department and DfES have set up a new employer-led Advisory Panel on Management and Leadership to identify priorities for securing greatest impact and act as a champion in promoting management and leadership activity with employers.

3.154 The Department has also been working with the Home Office and other Government Departments to ensure that a new managed migration scheme is put in place, meeting the needs of the economy, while providing the necessary safeguards on illegal working and settlement.

Diversity

Discrimination Law Review

3.155 The Discrimination Law Review is undertaking a fundamental review of the UK's equality legislation, with a view to making proposals for a simpler, fairer and clearer legislative framework that fully respects better regulation principles. A Green Paper will be issued in summer 2006, as a step towards a Single Equality Bill to be introduced during this Parliament.

95 www.dti.gov.uk/workandfamilies

Commission for Equality and Human Rights (CEHR)

3.156 Legislation to establish the Commission for Equality and Human Rights has been approved by Parliament through the Equality Act 2006. The new Commission will bring an inclusive approach to the promotion of equality and human rights and to the enforcement of discrimination legislation. It will draw together the work of the Equal Opportunities Commission, the Commission for Racial Equality[96] and the Disability Rights Commission and take on new responsibilities in the areas of sexual orientation, religion and belief and age equality.

Women and Work Commission

3.157 Following a wide-ranging review of equal pay the Woman and Work Commission reported that women were working below their potential, both in terms of earnings and UK productivity. The Department will coordinate implementation of recommendations.

Civil Partnerships

3.158 The Civil Partnership Act came into force across the UK on 5 December 2005. Same-sex couples can register to gain legal recognition for their relationship and once registered enjoy virtually all the same legal rights and responsibilities as married couples.

Fair Treatment at Work Survey

3.159 Fieldwork for the first Fair Treatment at Work Survey was completed in January 2006. This is the first official national survey of unfair treatment, harassment, bullying and discrimination experienced by British employees, covering all of the discrimination and equality strands, including religion and sexual orientation. Results will be published by mid-2006.

Employment Relations

Acas

3.160 Acas is an independent statutory body funded by the Department. Its aim is to improve organisations and working life through better employment relations and its services include providing information, advice and training on a wide range of employment issues. Acas Advisers work closely with employers and employees and their representatives to resolve problems and make workplaces more effective. The Acas national helpline deals with around 900,000 calls per year. The number of unique visitors to Acas's website[97] has risen to 2million. During 2005-06 Acas has:

- Delivered 3,000 training sessions on employment issues;
- Processed around 100,000 actual and potential employment tribunal claims;
- Worked with The Employment Tribunal Service (ETS) on the development of a computerised Caseflow Management System that will yield considerable operational efficiencies;
- Embarked on a major change programme. The main elements of this are re-engineering processes, rationalising the Acas estate and reforming the individual conciliation procedures;
- Conciliated in around 1,000 collective disputes.

Employment Tribunals Service (ETS)

3.161 Details of the work of the ETS and its performance in 2005-06 can be found in Section 5, of the report, 'The Executive Agencies'.

96 Responsibility for race equality will remain with the Commission for Racial Equality until April 2009, when it will be transferred to the CEHR.
97 www.acas.org.uk

Building the evidence base

3.162 Fieldwork for the Workplace Employment Relations Survey (WERS) 2004, the fifth in the series, was completed in April 2005. Results are based on face-to-face interviews with around 3,200 managers and nearly 1,000 worker representatives across the UK, along with a questionnaire completed by over 20,000 employees in those workplaces. The first findings were published in July 2005, the dataset made available via the UK Data Archive in January 2006, and the sourcebook – *Inside the Workplace* – will be published by Routledge in mid-2006. WERS is a joint project of the Department, Acas, the Economic and Social Research Council and the Policy Studies Institute.

3.163 Fieldwork was also completed in 2005-06 for the Maternity and Paternity Rights – Survey of Parents 2005, the second Individual Awareness and Knowledge of Employment Rights Survey, the third Work-life Balance Study employee survey, and the first Fair Treatment at Work Survey. Results of these surveys will be published in the first half of 2006, and the datasets lodged with the UK Data Archive to encourage secondary analysis.

Employee Direct

3.164 In January 2006 the Department introduced a new website[98] to a single, comprehensive source of information for employees on their employment rights and responsibilities.

Union Modernisation Fund

3.165 The Department invited applications for the first round of the Union Modernisation Fund in July 2005. Forty-nine unions submitted applications to the Fund, which is designed to support innovative modernisation projects. The Government announced the winners in March 2006.

Information and Consultation

3.166 The Information and Consultation Directive was implemented and came into force in the UK in April 2005. The legislation gives employees of firms with 150 or more employees' rights to be informed and consulted on an on-going basis about general issues that affect them. Government will continue to be a champion for information and consultation.

National Minimum Wage

3.167 On 1 October 2006 the main adult rate for workers aged 22 and over will rise to £5.35 an hour and the development rate for workers aged 18-21 inclusive will rise to £4.45. The rate for 16 and 17 year olds above compulsory school leaving age will rise to £3.30 per hour. The National Minimum Wage Act has now been in force for almost seven years. The HM Revenue and Customs has operational responsibility for enforcing the minimum wage and operates a helpline and network of compliance teams to fulfil that role.

3.168 'Success at work',[99] the Government's strategy to protect vulnerable workers and support good employers, was published on 30 March. It will form the focus of employment relations policy for this Parliament. The document identifies a range of work aimed at helping vulnerable workers, including targeting enforcement on the small minority of employers who deliberately ignore the law. It also sets out a review looking at simplification of employment law and access to information and support, with the aim of easing business compliance.

98 www.direct.gov.uk/employees
99 http://www.dti.gov.uk/er/successatwork.htm

Figure 3.18 National Minimum Wage Enforcement Activity April 2005 to January 2006

Telephone Enquiries	52,592
Complaints (received)	1,819
Investigations completed	3,923
Arrears identified	£2.8million

Plans for 2006-07

- Creation of the Commission for Equality and Human Rights;
- Detailed review of discrimination law and opportunities for simplification;
- Work with the Department for Work and Pensions to influence outcomes on employment and equality issues in line with UK policy in Europe;
- Maintain and improve the overall level of labour market adaptability and skills, including by using domestic regulation to produce an increase in labour market participation by key groups, making progress on flexible working and cooperative employment relations;
- Improve equality of opportunity in the workplace and within wider society, for example through raising the self-employment rate of under-represented ethnic minorities, introducing cross-Government measures to address the gender pay gap and legislating for a public sector duty to promote gender equality to come into force in April 2007;
- Ensure that employers and those in work, particularly vulnerable workers, are aware of their rights and responsibilities and have appropriate enforcement mechanisms available to them.

Figure 3.19 Expenditure on Maximising Potential in the Workplace (£million)

	2003-04 Outturn	2004-05 Outturn	2005-06 Working provision	2006-07 Plans	2007-08 Plans
Total	**119.5**	**118.0**	**137.1**	**72.5**	**64.7**
of which:					
Employment Tribunal Service	40.0	42.1	49.0	0.0	0.0
Employment Relations Programmes	19.5	16	14.2	7.3	6.9
ACAS	46.9	46.4	57.3	45.5	41.9
Equal Opportunities Commission	7.4	8.7	9.9	8.1	0.0
Women's National Commission	0.4	0.4	0.3	0.3	0.3
Equality and Gender	0.7	0.8	3.9	7.5	20.6
Skills programmes	4.6	3.6	2.5	0.0	0.0

Secure Sustainable Affordable Energy

Introduction
Sustainability and The Environment
Security of Energy Supply
Nuclear Security and Export Control

Introduction

Government's long-term strategy for energy was set out in the 2003 Energy White Paper "*Our energy future – creating a low carbon economy*". The challenge set for the Department was to ensure that competitive energy markets deliver secure, sustainable and affordable energy supplies, through delivery of the Department's contribution to the four goals of UK energy, reducing carbon emissions, maintaining reliable energy supplies, promoting competitive markets, and making energy affordable for the poorest households in the UK.

In the first two years of delivery against that strategy the Department has been able to report good progress against its short term goals The UK remains one of the few European countries on track to meets its Kyoto commitment to address climate change; and its economy has become substantially more energy efficient, with energy consumption increasing by just 2% since 1997, despite a 21% increase in GDP.

Efforts have also been focussed on setting in place more of the foundations for the 50-year energy strategy, plotting the route to meet targets and putting in place plans for the long term. A Report on implementation of the Energy White Paper is produced annually.

Recent national and global developments have brought increasing challenge to the UK's energy aims, with evidence about the adverse impact of climate change continuing to grow; rising global fossil fuel prices; with the UK becoming a net gas importer sooner than expected; and a general heightening of sensitivity around global energy issues.

While Government remains committed to the key priorities set out in the White Paper, the current Energy Review will consider whether additional measures are necessary to ensure we make further progress towards our medium and long-term energy goals.

Through its Export Control Organisation, the Department supports Government efforts to prevent proliferation of arms and other strategic goods. The UK's strategic export controls are based on national and international commitments concerning transfers of conventional weapons, missiles, chemical and biological weapons and nuclear-related goods and technology. The Department, in conjunction with other Government Departments, is responsible for issuing or refusing export licences.

The Department also works to ensure nuclear security and safety, through supervisory and regulatory activities to protect the public and international safety. Substantial technical assistance is also given to Former Soviet Union and East European countries in addressing

nuclear legacy issues, to reduce the global threat posed by the potential spread of weapons and materials of mass destruction.

Sustainability and the Environment

Performance in 2005-06

Greenhouse gas emissions are kept on a path to being 12.5% below 1990 levels in 2008-2012, in line with our Kyoto commitment and moving towards a 20% reduction in carbon dioxide emissions from 1990 levels by 2010.

3.169 While current projections suggest the UK is in line to meet its Kyoto commitment, it is recognised that more needs to be done if it is to remain on track to meet its more challenging domestic goal of a 20% reduction in CO_2 emissions by 2010. The Department made an active contribution to the Defra-led review, which led to the 2006 revised Climate Change Programme. This programme sets out a package of existing and new policy measures across Government and locally to try to move us closer to meeting our emissions goals, while ensuring we consider the impacts on competitiveness and security of supply. Energy supply is only one of the part of the emissions story, and the programme also focuses on areas such as transport, housing, agriculture and energey efficiency, which fall to other Government Departments.

3.170 Phase I of the EU Emissions Trading Scheme (ETS) commenced in January 2005, requiring operators to start monitoring emissions and hold allowances to cover those emissions. In May 2005 the Phase I (2005-07) National Allocation Plan (NAP), and individual allocations, was published and the UK Registry began operation-enabling operators to fully participate in the scheme.

3.171 736million allowances were allocated to over 1,000 operators in the UK. Nearly 200 operators participating in the scheme opened their Registry accounts later that week. The EU ETS is set to reduce carbon dioxide emissions from 12,000 power plants and other installations covered across the EU, with UK installations contributing reductions of around 65million tonnes of carbon dioxide (around 8%) below business as usual projections, by 2007.

3.172 Legal proceedings were taken to require the European Commission to consider a proposed increase of 20million allowances, to the provisional UK NAP figures submitted to them. In November the Court of First Instance judged that the Commission were wrong to reject the UK's proposed amendment, and required them to consider the UK's amended plan and to make a fresh decision on it. The Commission has again rejected the proposed amendment on procedural grounds and Government is considering its response.

3.173 Following consultation undertaken in the summer of 2005 on Phase II EU ETS (2008-12), stakeholder responses have been analysed and Government has made decisions on allocation methodology and expansion of the scope. The UK has decided to broaden the scope of the EU ETS in Phase II in light of the guidance on Phase II NAPs from the European Commission, and through a harmonised approach with other Member States. This expansion will cover additional CO_2 emissions from glass, rock wool, gypsum, flaring from offshore oil and gas production, petrochemical crackers, carbon black and integrated steelworks. The Department published detailed guidance on the

Phase II allocation methodology, and definitions of activities following the expansion of scope. The Department also issued a consultation paper on carbon dioxide emissions projections for industrial sectors covered by the EU ETS.

3.174 Consultation on the draft National Allocation Plan for Phase II for the UK was launched on the 28 March, with views sought before 23 May. The final cap will be decided in the summer when Government is required to submit the plan to the EU.

3.175 The Department has commissioned further work on analysis of forecast emissions for EU ETS sectors; established a Projections Advisory Group to improve exchange of views and information and continues to work to ensure competitiveness of UK businesses is fully taken into account when making decisions on Phase II.

3.176 Following consultation in the summer 2005, the Microgeneration Strategy was published on the 28 March. The objective being to create the conditions under which microgeneration becomes a realistic alternative or supplementary energy generation source for the householder, for the community and for small businesses. The strategy includes the Low Carbon Buildings Programme, which has an £80m budget over three years, which will help to fund the installation of microgeneration technologies in a range of buildings. This will supersede the former Clear Skies and Photovoltaic Major Demonstration programmes, and aims to take a more holistic approach to reducing carbon emissions by innovatively combining energy efficiency and microgeneration technologies.

International

3.177 Good progress was made on international climate change measures under the UK G8 presidency. The Gleneagles agreement accepted the consensus on the science behind global emissions, and agreed an action plan to help deliver on the agreement that emissions should slow, stop and reverse. The plan engaged the G8 countries, the World Bank and the International Energy Agency. This lead onto the first meeting of the unprecedented Gleneagles Dialogue where work continued on the shared global challenge of climate change, energy security and access to energy.

3.178 A commitment to make a contribution to the delivery of energy policy objectives, as set out in the Energy White Paper, was included in the new RDA tasking Framework, within the context of a wider commitment to Sustainable Development.

3.179 The Department has continued to support the development and delivery of strategic approaches to energy in the English regions, through a seedcorn fund of £100,000 per region. This has been matched by the regions, drawing on a range of public and private sources, and has supported a number of programmes – for example: integration of energy into local and regional plans and strategies; regional communications and awareness raising schemes aimed at individuals and businesses; supply chain and skills development work; and local demonstrator projects for low carbon energy technologies, such as biomass, low carbon buildings and hydrogen.

Proportion of electricity produced from renewable energy supplies is increased, consistent with our wider goals for affordable and reliable energy supplies, to achieve 10% of electricity from renewables, at acceptable cost, by 2010.

3.180 The 10% renewables target is ambitious, but since the introduction of the Renewables Obligation[100] (RO) in 2002, there has been a step change in the amount of new renewable generating capacity coming through. In 2004, 3.1% of the UK's electricity came from RO eligible sources, rising to 3.6% from all sources of renewable energy. Wind energy remains the fastest growing renewable technology and 2005 surpassed all records for the amount of new wind capacity installed. In June 2005, the UK became one of only eight countries around the world to have installed over 1,000 MW (or 1 gigawatt) of wind capacity. At the beginning of 2006, the UK had some 1,300 MW of installed (onshore and offshore) wind capacity.

3.181 Looking forward, development activity continues at a high rate with 6,900 MW of onshore and 2,700 MW offshore windfarms in the planning system. In 2005, four consent applications under the second round of offshore windfarms were submitted to the Department. Of these, the London Array development has the potential to be the largest offshore wind farm in the world, supplying around 1% of the UK's electricity supply equivalent to 750,000 households. The Department also brought forward a Research Advisory Group to fund research into the impact of wind farms on the environment, including addressing concerns over seascape, birds and navigational safety.

3.182 In October 2005, E.ON UK, one of the Worlds leading power and gas companies, took the decision to proceed with a 44 MW dedicated biomass power station in Scotland. Construction of the £90million power station, the largest UK plant of its kind, began in January 2006 and will help create over 300 jobs. Plans for a new 100 MW hydroelectric power station at Glendoe in Scotland were also given the go-ahead in July 2005. The Glendoe hydroelectric power station will be one of the largest conventional hydro plants in the UK, and will generate enough green energy to meet the power needs of 250,000 homes. Construction is expected to take three years commencing in the spring of 2006.

3.183 The Department's 2010 Target Team continues to work to address barriers to new large-scale renewable generating capacity in the UK. Recent successes include the recommendations of the Eskdalemuir study on the effects of wind turbines on radar installations, which will enable objections to more than 1 gigawatt of renewable projects to be lifted.

2005-06 Review of the Renewable Obligation

3.184 In the 2003 Energy White Paper, Government gave a commitment to carry out a review of the RO. The Review was not a fundamental rethink of the Obligation, but an opportunity to improve its overall effectiveness. The resulting amendments have been made to the Renewables Obligation Order, which subject to parliamentary approval will come into force on 1 April 2006. The key changes being made are to eligibility rules in the area of energy from mixed wastes and improvements to the administration of the Obligation to

100 The Government's primary mechanism for supporting the development of new renewable generating capacity is the RO. The RO is a market-based mechanism requiring electricity suppliers to source an increasing percentage of their electricity sales from eligible sources of renewable energy.

reduce the regulatory burdens on companies that benefit from, or are required to comply with, the Obligation. The Review also looked at making it easier for small generators to access the benefits of the RO. These proposals require primary legislation and it is intended to use the Climate Change and Sustainable Energy Private Members Bill to bring these in at an early opportunity. This would then allow changes to the secondary legislation to be made.

Research and development is conducted into low carbon technologies (renewable, clean fossil fuel and nuclear) that could play a role in the longer term UK energy mix, and the regime for successfully implementing them is progressed.

3.185 The Carbon Abatement Technologies Strategy, and the UK Hydrogen Strategy were published in June 2005. The implementation process is underway and expected to be finalised in 2006. A £50million four year funding package was announced for carbon abatement technologies, hydrogen and fuel cells demonstration projects. Funds are expected to be made available as capital grants, although the precise nature of the scheme will be dependant on State Aids approval.

3.186 State Aids clearance has been received for a £50million programme of Wave and Tidal demonstration projects. The Department continues to work with UK Energy Research in developing a route map for marine R&D, including identifying the cost reductions necessary for commercialisation. The Department issued guidance to developers in November 2005 on consents procedures designed to facilitate the deployment of wave and tidal energy demonstration devices.

3.187 In January 2006 the Department announced the official launch of the UK Energy Research Partnership (UKERP). The UKERP involves key stakeholders such as the Research Councils, the Carbon Trust, leading energy R&D businesses, Government Departments, and HEIs. The Partnership, jointly chaired by Sir David King, Government Chief Scientific Adviser, gives strategic direction to UK energy research and innovation, promoting a coherent approach to addressing UK energy challenges.

Numbers of significant environmental incidents and the impacts of offshore developments are minimised, and regulation does not unnecessarily burden industry or create any taxpayer liability to arise from decommissioning activity.

3.188 No significant environmental incidents were reported and all offshore developments have been consented only after demonstrating no significant environmental impact. The Oil Pollution Prevention Control (OPPC) Regulations have been implemented and the Oil in Produced Water Trading Scheme is scheduled to commence in 2007. This will allow industry to minimise and share the costs of achieving the 15% reduction in oil in produced water discharges required under the OSPAR Recommendation 2001-01.

3.189 The Department continues to implement e-business and the programme is scheduled for completion in 2006. An electronic registry was developed in house for the Oil in Produced Water Trading Scheme, saving considerable costs to the industry. A decision process was agreed with industry for decommissioning derogations – where the footings of large steel or concrete

structures may be left in place. This will allow more efficient derogation applications and transparent decisions and offer the industry more certainty over the potential outcome of the process.

Cost benefit analysis is fully integrated into EU policy making and Directives are negotiated and implemented at least cost to UK business during development, and subsequent post implementation impact assessment.

3.190 The Department is working closely with Defra who lead on the Registration, Evaluation and Authorisation of Chemicals (REACH) Directive, a cornerstone of Government's better regulation agenda and the EU commitment to sustainable development. Initial estimates are that costs to EU business have been reduced by as much as €660million.

3.191 The Waste Electrical and Electronic (WEE) Directive aims to address the environmental impact of electrical and electronic equipment (EEE) and to promote its separate collection. The Government has announced a review of progress on implementing the requirements of the directive. The review is intended to ensure that the UK achieves maximum benefits in terms of sustainable development at least cost to business. It involves officials from several government departments, together with Devolved Administrations and the Environment Agencies. On completion of the review, Government expects a further consultation on draft regulations and guidance to take place in the spring.

3.192 The Large Combustion Plants Directive imposes tough new limits on the emission of certain noxious substances and dust, which come into force on 1 January 2008, to be tightened again on 1 January 2016. Defra lead on implementation, but the Department has worked very closely with industry and the Environment Agency, who will enforce the Directive when it comes into force.

Businesses adopt corporate social responsibility as part of their business strategy, and reduce environmental impacts from GDP growth. Businesses adopt a Code for Sustainable Buildings.

3.193 The Department's Sustainable Development Action Plan (SDAP) was approved by Ministers in December 2005, setting out principles and highlighting areas of key importance – Energy Policy and Use; Technology and Innovation; Diversity Issues and our Operational Commitments – together with the Department's plans for monitoring, evaluation and accountability.

3.194 Under the EU Presidency, a successful Corporate Social Responsibility (CSR) Conference was held in December 2005. The conference considered how CSR could help drive forward progress towards broader international goals. It paid particular attention to the role of financial institutions in CSR and developed a number of themes, including ways in which the financial sector can contribute towards achieving the Millennium Development Goals.

3.195 Since 2000, the number of UK companies reporting on CSR has increased year on year so that now the majority of UK top companies disclose CSR information. By 2004-05 only 17 of FTSE 100 companies were described in annual survey by Salterbaxter as non-reporters. The focus is now on quality of reporting and UK companies have led in global surveys in terms of quality of their CSR reporting.

Plans for 2006-07

- Reduce greenhouse gas emissions by 12.5% from 1990 levels in line with the UK's Kyoto commitment, and move towards a 20% reduction in carbon dioxide emissions from 1990 levels by 2010, and a further reduction in carbon dioxide emissions by 60% by 2050, through measures including energy efficiency and support for renewable energy, working with Defra and DfT;
- Increase the proportion of electricity generated from renewable sources, consistent with the Department's wider goals for affordable and reliable energy supplies;
- Encourage domestic and international R&D into emerging low carbon technologies (renewable and clean fossil fuel) that could play a role in the longer term UK energy mix, and progress the regime for successfully implementing them, including introducing demonstration and deployment measures;
- Work with the offshore oil, gas and renewables industries to minimise the number of significant environmental incidents and the impacts of offshore developments, and regulate without undue burden on the industry or taxpayer liability.

Figure 3.20 Expenditure on Sustainability and the Environment (£million)

	2003-04 Outturn	2004-05 Outturn	2005-06 Working provision	2006-07 Plans	2007-08 Plans
Total	**25.3**	**31.0**	**60.7**	**103.7**	**88.3**
of which:					
New and renewables Barriers Busting	-	0.5	12.3	8.6	8.6
Sustainable Energy Capital Grant	7.6	15.8	28.0	72.8	59.8
Photovoltaic Grant Scheme	2.2	5.2	4.0	4.0	4.0
New and Renewables – Capital Grant (CMF/NFFO/PIF Source)	10.4	3.8	10.0	0.0	0.0
Energy Efficiency R&D Fund	0.0	0.0	0.0	0.0	0.0
Other	5.1	6.3			
of which:					
Environmental Surveys	2.5	2.4	2.5	2.5	2.5
Chemicals Notification	0.5	0.9	0.7	0.7	0.7
Chemicals Notification – Appropriations in Aid	-0.6	-1.4	-0.7	-0.7	-0.7
Consolidated Policy Studies Programme	1.6	2.7	1.8	1.7	1.7
Offshore Aerial Surveillance	0.3	0.3	0.3	0.3	0.3
EU Emissions Trading Scheme	-	0.0	0.0	0.0	0.0
Innovation Group	0.7	0.9	2.0	1.5	1.5

Security of Energy Supply

Performance in 2005-06

Well functioning UK energy markets ensure availability of supply to meet demand at affordable prices, through adequate supplies of gas and electricity to meet peaks and disruptions, with efficient regulation of electricity infrastructure.

3.196 It is not Government policy to intervene in gas markets or prices, and over the long run this has given the UK low gas prices and increased choice for domestic and industrial customers, and between 1995 and 2003 some of the cheapest prices in Europe. However, the decline in North Sea production, increasing world prices for fossil fuels, and an early cold spell in the winter combined to cause an increase in gas prices in 2005-06, and subsequently electricity prices. In response to these pressures, coal-fired capacity carried an unusually high proportion of the generating load in 2005.

3.197 Throughout the year the Department has worked closely with industry and OFGEM in order to ease the effects of high prices and maximise supplies, for example through the work of the Gas Prices Working Group in identifying improvements in the operation of the gas market, and the report on the Forward Gas Market. Efforts have been directed to actions such as the maximising of gas supplies and pursuing energy market liberalisation in the EU.

3.198 In addition to encouraging domestic consumers where appropriate to take energy efficiency measures, switch gas supplier and payment method to mitigate the effect of price increases, Government is working with suppliers, OFGEM and Energywatch to develop further initiatives to mitigate the impact of price rises on vulnerable consumers.

3.199 Some price increases are inevitable as the market works to signal the need for additional imports as production from the North Sea declines. The Department will continue to support the market delivery of new infrastructure to import oil and gas and already some £10billion of private sector investment is going into providing gas to UK markets in the next few years. In April 2005, UK and Norwegian Energy Ministers signed a Co-operation Treaty, paving the way for unprecedented co-operation on North Sea oil and gas projects between the two countries, including the construction of a new pipeline to the UK. The pipeline, (Langeled South), will be operational from winter 2006 and will be capable of delivering up to 16% of peak UK gas demand. The Treaty also covers the development of any future oil and gas reservoirs, which straddle the maritime boundary between the two countries.

3.200 Other infrastructure being built includes the BBL Interconnector, which could supply up to 10% of UK peak day demand, and should begin to come on stream in 2006; the further upgrading of the existing Interconnector; two major Liquefied Natural Gas import terminals, currently being constructed in Pembrokeshire, and potential new gas storage facilities. The Department has additionally established the Gas Supply infrastructure Task Force to identify and tackle any regulatory obstacles to new gas supply projects.

3.201 The Department, in the interests of more efficient energy markets, shared analysis with market participants – for example two reports were published, on the potential for demand side response

and on the functioning of the forward markets in gas. These are available on the Department's website[101].

3.202 The Department also commissioned work from Oxera on optimum security of supply in a competitive market and the results of their findings were published in their journal Advancing Economics in Business (November 2005).

UK is an influential player on the global energy scene, working to achieve open and liquid energy markets and favourable conditions for investment in energy resources, as demonstrated by worthwhile progress on global warming, Africa and energy.

3.203 The first energy Permanent Partnership Council with Russia was held in October 2005 and marked a significant step forward in EU-Russia energy relations. Member States (through the UK Presidency) took the lead and this approach was commended in the EU/Russia summit as a "model for cooperation". It offers a precedent for EU relations with third countries that can be consolidated in the new European energy policy arising from the Hampton Court Summit.

3.204 The Energy Community Treaty with the States of South East Europe was signed in October. The Treaty represents a major step forward in bringing stability and growth to both the EU and South East region.

Europe

3.205 A successful Energy Council, chaired by Malcolm Wicks in December, brought broad consensus that secure electricity and gas supplies at competitive prices, delivered on open, transparent and competitive markets are crucial to Europe's competitiveness; and that full implementation of the second electricity and gas directives is vital. The Department's efforts to promote the development of competitive markets in the UK, Europe and beyond have contributed to the delivery of full liberalisation in UK electricity and gas markets, and the Department continues to support the need for more effective action by the Commission to further ensure the development of competitive EU energy markets.

3.206 The Department has worked alongside other Government Departments to improve the way in which the global oil market functions. In 2005 the Department used the UK presidencies of the G8, G7 and EU to promote international efforts to improve the functioning of the oil market and tackle market failures – for example in improving data transparency, specifically through the Joint Oil Data Initiative (JODI), and reducing barriers to investment – and will continue to work with producers and consumers on taking this forward.

UK's coal, oil and gas reserves provide maximum economic benefit and contribution to security of supply, with maintenance of oil and gas production of 3million barrels of oil and gas equivalent per day by 2010.

3.207 Efforts on UKCS reflect the substantial quantities of oil and gas to be produced from under the North Sea. The Department is working closely with industry to ensure the UK has the best licensing, environmental and business frameworks to attract the investment and activity needed to deliver this potential. The Department's innovations on licensing are particularly important,

101 http://www.dti.gov.uk/energy/publications/policy/index.shtml

such as the "promote" and "frontier" licences, providing opportunities for a wider range of companies to invest here. The Department has a key role in generating new activity via offshore licensing rounds – where North Sea acreage is offered up for exploration and appraisal activities.

3.208 In 2005 the Department awarded the highest number of licences in UK North Sea history – 152 Licences in total, covering 266 Blocks. The spread of awards covers 70 Traditional, 76 Promote and 6 Frontier licences, with strong competition for some Blocks. 17 firm drilling commitments have been made – the most for over a decade. The applications have brought in a further 24 new entrants.

3.209 The Government and industry continue to pursue initiatives to stimulate North Sea investment and activity. PILOT, a Government/industry oil and gas task force set up in 1998 to make North Sea more competitive, aims to maintain/increase UK Continental Shelf (UKCS) production so that a target of 3million barrels of oil and gas equivalent a day in 2010 is reached.

3.210 Current exploration levels continue to be relatively low – although 2005 UK Offshore Operators Association Economic Report anticipates upturn in 2005 and next few years with a significant increase in rig activity.

3.211 Coal output fell to 20million tonnes in 2005 (down from 24.5million tonnes in 2004), and for the first time, surface mined output (10.44million tonnes) exceeded deep mined production (9.56million tonnes). The latter reflected poor performance at 7 surviving larger mines in the first half of the year, but the prospects for 2006 are better and this level of production could be maintained despite the planned mothballing of 2 mines. Surface mine operators continue to struggle to obtain planning permission for new sites, especially in England, where output halved from 3.04million tonnes in 2004 to 1.45million tonnes in 2005. Output remained steady in Scotland and Wales (7.75million tonnes and 1.23million tonnes respectively).

Effects of significant disruptions to electricity, gas, or oil (including petrol) supplies are minimised.

3.212 The Department is currently implementing a change programme to re engineer the way the Department responds to emergencies across all 7 sectors for which it is responsible. The Emergency Preparedness Project is led by a senior manager from National Grid on a year's secondment, with the aim of a well trained and committed group of the Department's staff available at all times to respond effectively to crisis situations.

3.213 The Buncefield fire tested the new emergency arrangements and notwithstanding the fact that lessons were learned the new processes proved to be robust. Although ODPM were in the lead for the incident as a whole The Department played a key role in working with industry and across Whitehall to resolve short-term surface fuel distribution issues and the fuel shortages affecting Heathrow Airport.

3.214 The Department is engaging more closely with the emergency preparedness body of the downstream gas and electricity industries, The Energy Emergency Executive, with an oversight committee having been formed, chaired by the Department and consisting of representatives from OFGEM and National Grid, in order to provide a direct link to Ministers and to direct work.

3.215 Private sector input has also been obtained for work currently underway on Project Blackstart, which looks at the required technical response to a complete power outage across the UK.

3.216 The Department led UK participation in the response to the disruption of oil supplies caused by Hurricane Katrina in the USA. This involved making available to the market some of the emergency stocks of oil held by companies in the UK as part of a global action led by the International Energy Agency. This succeeded in calming markets and prices. However, the Department needs to ensure that the UK system for holding emergency oil stocks remains robust in the long term as the UK becomes more dependent on imports and stocking obligations increase. The Department is therefore consulting with industry about proposed changes to the system, including the long-term potential of establishing an agency to run the system.

Consumer's benefit from the most efficient allocation of resources and competitive prices and terms as a result of UK remaining in top 3 most competitive energy markets in EU and G7.

3.217 The project to open up the electricity trading market in Scotland went "live" as planned on 1 April 2005. It introduced a single wholesale electricity market for the UK with a single transmission system operator independent of generation and supply interests; a common set of trading rules so that electricity can be traded freely across the UK; and a common set of rules for access to, and charging for, the transmission network. For further information on competitive energy markets please see the entry for PSA 4 in this report.

Department is working effectively with DEFRA to ensure Government is on a path to eliminate fuel poverty in vulnerable households by 2010 Fuel poverty.

3.218 The Government's UK Fuel Poverty Strategy Fourth Annual Progress Report was published in April 2006, providing an update on developments and progress made in the last year and clarifying policies and priorities to tackle fuel poverty going forward. There has been a considerable reduction in the number of households in fuel poverty, and it is estimated that in the UK numbers have fallen by over 4million since 1996, down to about 2million in 2004.

3.219 Increases in energy prices will reverse some of these reductions. Analysis of overall effects of changes in fuel prices and incomes, excluding consideration of energy efficiency improvements, suggested that the total number of vulnerable households in fuel poverty is likely to rise by around 1million households in England between 2003 and 2006, with a proportional increase in the Devolved Administration.

3.220 The Department is also carrying out a number of pilots in designing, developing and delivering projects in deprived communities outside the main gas networks. This involves the provision of gas connections where economically viable, and of renewables based community-heating projects where they are not. Further work on the best ways to tackle fuel poverty in the light of rising energy prices is being taken forward in the context of the Energy Review.

Energy review

3.221 The Energy Review was launched by the Prime Minister and the Secretary of State for Trade and Industry at the end of November 2005. On 23 January the Secretary of State and the Minister for Energy launched the consultation document 'Our Energy Challenge: securing clean, affordable energy for the long term'. The consultation ran until 14 April and had a broad scope, considering all aspects of the energy system including both energy supply and demand. The consultation document set out the energy challenges the UK is currently facing, and invited responses to the evidience presented and to what should be done to secure clean and affordable energy for the long term.

PRIORITY ACTION – Security of Energy Supply

Progress in delivering the Department's objective of ensuring the continuity and security of energy supply – at affordable prices through competitive markets, while minimising environmental impacts, and delivering social objectives – has been regularly reviewed by the Executive Board as a priority action.

This reflects the importance of reliable energy supply at competitive prices as a key condition of creating business success. The UK has generally performed well over the last few years on providing a dependable system of physical distribution networks and access to sufficient and affordable energy, with fewer unplanned interruptions to electricity supply than in any European country except the Netherlands, and only a small number of threats to oil and gas supply.

Plans for 2006-07

- Support well-functioning UK energy markets to ensure availability of supply to meet demand at affordable prices to consumer benefit;
- Ensure that the UK is an influential player on the EU and global energy scenes, working to achieve open and liquid energy markets and favourable conditions for investment in energy resources;
- Maximise the economic benefit, and contribution to security of supply, from the UK's coal, oil and gas reserves;
- Ensure that the effects of significant disruptions to electricity, gas or oil (including petrol) supplies are minimised;
- Eliminate fuel poverty in vulnerable households in England by 2010, in line with the Government's Fuel Poverty Strategy objective, working jointly with Defra;
- Following a period of extensive public consultation and stakeholder engagement, the Energy Review will continue its full assessment of options to help the UK make further progress towards its medium and long-term energy policy goals. Goverment will make a policy statement following this assessment during 2006.

Figure 3.21 Expenditure on Security of Energy Supply (£million)

	2003-04 Outturn	2004-05 Outturn	2005-06 Working provision	2006-07 Plans	2007-08 Plans
Total	**6.8**	**36.2**	**30.5**	**4.8**	**3.9**
of which:					
Oil and Gas Maximising Recovery Programme	2.7	2.7	2.5	2.5	1.6
Other	4.1	-	-	-	-
of which:					
Offshore Geology	0.7	0.8	0.6	0.6	0.6
OG Competitiveness	1.2	1.9	1.4	0.6	0.6
OG Payment to CSO	0.0	0.0	0.0	0.0	0.0
UNCLOS	0.0	0.0	0.1	0.0	0.0
Delimitation Survey	0.0	0.0	0.0	0.0	0.0
Oil and Gas Gazette	0.1	0.0	0.1	0.0	0.0
European Energy Charter	0.3	0.3	0.3	0.3	0.3
International Energy Agency	0.9	1.0	1.0	0.8	0.8
Energywatch - pensions	0.0	0.0	0.0	0.0	0.0
Energywatch	12.0	13.2	13.1	13.1	13.1
Licence Fee Receipts	-12.0	-13.3	-12.9	-13.1	-13.1

Nuclear Security and Export Control

Performance in 2005-06

Export licence applications processed promptly and accurately

3.222 The licensing performance project (JEWEL) has been implemented, except for IT aspects which are ongoing, and has been a major contributor to meeting Key Performance Indicators (KPIs) and creating scope for efficiency savings. KPIs for processing of applications and ratings have been met or exceeded in calendar year 2005. 73% of standard individual export licence applications were processed in 20 days in 2005, against a target of 70%; and 97% in 60 days, against a target of 95%. The number of licences produced per officer per year has risen from 68 in 2003 to 90 in 2005; average costs per standard individual licence have decreased from £525 in 2004 to £450 in 2005. JEWEL has created a single licensing community through the establishment of joint management structures, joint induction and new business processes. More joined up IT licence application processes are being developed through the SPIRE project.

3.223 Building on the JEWEL programme, the Export Control Organisation (ECO) is implementing a continuous improvement strategy to enable it to handle the same volume of licence applications with fewer staff, and also to improve the service to exporters. Projects underway include a successful development of the Smart Front End filtering mechanism, the piloting of new procedures for dealing with weapons of mass destruction (WMD) end-use cases, the development and launch of software tools to help exporters identify the licensable status of goods and appropriate open general licences, the establishment of staff training modules, and an extended programme of training seminars for exporters. The Department has also deepened its dialogue with exporters.

International Non-Proliferation objectives are met whilst impact on UK organisations is minimised

3.224 The UK has continued to cooperate fully with the International Atomic Energy Agency (IAEA) and European Commission on the application of nuclear safeguards to the UK, and with the Organisation for the Prohibition of Chemical Weapons (OPCW) on the application of the Chemicals Weapons Convention to the UK Chemical Industry. Reporting requirements to all organisations have been met in full, and on time. The Department has played a major part in the development of new approaches to inspections in all organisations, in particular with the European Commission (Euratom Treaty) safeguards framework, as part of the UK's Presidency.

UK Nuclear Component of the G8 Global Partnership Against the Spread of Weapons and Materials of Mass Destruction is delivered.

3.225 The Department manages, on behalf of Government, a £38.7million programme to address nuclear cold war legacy issues in the Former Soviet Union (FSU). The programme is part of a G8 initiative to reduce the global threat posed by the spread of weapons and materials of mass destruction and the Prime Minister has committed up to £500million to this work over the period 2003-13.

3.226 Following on from implementing a robust project management structure for the programme and completion of legal Agreements with the Russian Federation in 2003, a major portfolio of projects was initiated during 2005-06. Key projects underway or completed during 2005-06 include:

- NW Russia projects at Andreyeva Bay to make Spent Nuclear Fuel safe and secure, dismantlement of a nuclear submarine at Nerpa shipyard, and the construction of a new Spent Nuclear fuel facility at Atomflot Murmansk taking up some £20million;
- Delivery of a successful £4million portfolio of FSU nuclear security projects by April 2006 (including the second contribution to the USA led Pu reactor closure project, and starting a second security project at the Karpov Institute early in the New year);
- Recruitment of new project management contractors by 1 April 2006. Implementation of a £330,000 project to ensure the safe and irreversible decommissioning of the Soviet designed fast breeder reactor in Aktau, Kazakhstan.

3.227 A detailed report reviewing progress during 2005 and plans for 2006 was published in December 2005: The G8 Global Partnership, progress during 2005 on the UK's programmes to address nuclear, chemical and biological legacies in the FSU. The Department prepared and published this report on behalf of the FCO and Ministry of Defence (MOD). The document also sets out the long-term priorities for the programme and includes a description of the projects underway[102].

A continuously improving framework for effective and proportionate regulation of nuclear safety and security.

3.228 Security in the civil nuclear industry continues to be regulated by the Office for Civil Nuclear Security (OCNS) whose activity is governed by the Nuclear Industries Security Regulations 2003 (NISR 03). The Regulations are now

102 Copies of the report and further details of projects underway are available from www.dti.gov.uk/energy/nuclear.fsu

firmly established and are providing a coherent, proportionate framework to oversee this vital activity.

3.229 Director OCNS publishes an Annual Report on the state of security in the civil nuclear industry and the effectiveness of regulation[103]. With regard to the latter, projects to criminalise trespass on civil nuclear sites and to amend NISR 2003 are underway.

3.230 Where required, an armed response at nuclear sites is provided by the Civil Nuclear Constabulary, which was created from the UK Atomic Energy Authority Constabulary in April 2005. The Civil Nuclear Constabulary has consolidated its position as a stand alone Force, complying with the legislative requirement to hold a Police Authority meeting in public, and continuing the deployment of Support Units to nuclear generating sites in accordance with, OCNS's requirement to test nuclear sites' emergency preparedness frequently, and usually involve local emergency services and local Government bodies.

Plans for 2006-07

- Process export licence applications promptly and accurately and improve the service offered to exporters;
- Contribute to meeting the UK's international non-proliferation obligations while minimising the impact on UK organisations (including business);
- Deliver the UK Nuclear Component of the G8 Global Partnership Against the Spread of Weapons and Materials of Mass Destruction;
- Continue to improve the UK's framework for the effective and proportionate regulation of nuclear safety and security.

Figure 3.22 Expenditure on Nuclear Security and Export Control (£million)

	2003-04 Outturn	2004-05 Outturn	2005-06 Working provision	2006-07 Plans	2007-08 Plans
Total	**65.5**	**58.4**	**60.7**	**51.4**	**51.4**
of which:					
Export Licensing via Internet Service (ELVIS) Project	0.1	0.3	0.8	0.8	0.8
Nuclear support to the former Soviet Union	42.1	35.2	38.7	32.2	32.2
Nuclear Energy Agency subscription	0.5	0.5	0.5	0.3	0.3
International subscriptions (non-proliferation)	15.7	18.7	19.0	18.1	18.1
Emergency Planning Work	2.1	0.2	0.0	0.0	0.0
British Energy Crisis Team	4.9	6.0	0.0	0.0	0.0

103 A copy of the latest report published in July 2005 can be viewed at: http://www.dti.gov.uk/energy/nuclear/safety/dcns_report4.pdf

Section 4

Managing Government Assets and Liabilities

Managing Government Assets and Liabilities

Introduction

Assets and Liabilities

Introduction

The Department manages various liabilities, such as nuclear liabilities and residual liabilities arising from the coal, steel and shipbuilding industries. It also, through the Shareholder Executive, manages shareholdings in a number of Government businesses, including Royal Mail, British Nuclear Fuel Plc (BNFL), the Royal Mint and QinetiQ.

The Department's challenge is to deliver safe, economic and efficient management of Departmental (and, where relevant, Government) assets and liabilities, and to become a centre of excellence within Government on corporate finance issues.

The Shareholder Executive works with Government Departments and management teams to help Government businesses perform better, ensuring that Government is an intelligent and professional shareholder. It also has a wider corporate finance role, for example examining and negotiating applications for support under regional and industrial assistance programmes.

Assets and Liabilities

Performance in 2005-06

£1billion value enhancement across the Shareholder Executive's six core portfolio businesses (BNFL, CDC, NATS, QinetiQ, Royal Mail, Royal Mint) in the three years to March 2007.

4.1 In aggregate the value of the businesses increased £1.7billion in 2004-05, the first year of the three-year target. Company financial data for 2005-06 is not yet available.

4.2 The most significant factor was the continuing recovery of Royal Mail profitability in the final year of its Renewal Plan. However, there were also important contributions from NATS, QinetiQ and CDC, partially offset by a negative contribution from the Royal Mint. Although this was a strong performance, the £1billion target has not yet been achieved on a sustainable basis. All six businesses face challenges going forward. In particular, both Royal Mail and NATS face implementing price reviews from their respective regulators and BNFL has to respond to the demands of the new nuclear decommissioning market.

Figure 4.1	UKAEA Analysis of Turnover 2005 (£million)
Decommissioning and environmental restoration	287
Fusion Research	64
UKAEA Constabulary	22
Other	29
Total	402

Figure 4.2	BNFL Financial Data 2005 (£million)
Turnover	2364
Loss on ordinary activities before taxation and exceptional items	(228)
Exceptional profits/(charges)	(243)
Loss on ordinary activities before taxation	(471)
(Decrease) / Increase in cash	775

Royal Mail Group to be successful and profitable in an efficient and competitive postal market.

4.3 Royal Mail now faces the challenge of competition for all its services following Postcomm's decision to fully liberalise the postal services market from 1 January 2006.

4.4 In September 2005, The Department responded to Postcomm's consultation about initial proposals for the control of Royal Mail's regulated prices. The Department emphasised the need for Royal Mail to be able to generate sufficient revenue to enable it to present a robust investment case to the shareholder.

4.5 Following the publication of Postcomm's final proposals in December 2005, the Department worked with Royal Mail to assess the impact of these proposals on the company's financial position and strategic direction. This work also considered the structure of Royal Mail's balance sheet which is dominated by a £4bn pension deficit. On 31 March 2006 Postcomm published its proposed licence modifications for the 2006 price control. These are subject to a statutory notice period which lasts until 2 May 2006.

4.6 Royal Mail's interim results for April to September 2005 built on the successful return to profitability of the renewal plan. The operating profit of £159m was up 20.5% on the previous year. General Logistics Systems (Royal Mail's European parcels business) almost doubled its operating profit to £43m. However, letters volumes were down 1.2%, dropping for only the second time in 25 years. This resulted in a 3% drop in operating profits on the Royal Mail letters business against the same period in the previous year. Post Office Limited's operating losses were £70m. During the year, Royal Mail also achieved some of its best ever quality of service results.

4.7 In March 2006, the European Commission approved the transitional financial facility for rural post offices for a further two years from April 2006 to March 2008. Up to £150 million will be made available each year to maintain the non-commercial rural network. In the same month, Post Office Limited published its report of the findings of their pilots to test innovative and more cost effective ways of delivering post office service in rural communities and the Department announced an extension of the policy of preventing avoidable closures of rural post offices until the autumn.

Figure 4.3 Royal Mail financial targets 2004 (£million)[104]

	Financial Targets	Outturn
2003-04 Group profit target	42	220
2004-05 Group profit target	257	537

Figure 4.4 Royal Mail expenditure (£million)

	2003-04 outturn
Profit and loss	537
Gross Capital expenditure	219
Net Capital Expenditure	124
Cost of Capital Charge	191

The Shareholder Executive will become a centre of excellence within Government on corporate finance issues.

4.8 The Shareholder Executive has continued to work to ensure that where Government provides financial support to businesses it does so intelligently, and as commercially as possible within the bounds of policy objectives.

4.9 In this role over the last year, the Shareholder Executive led Government involvement in MG Rover (an application for rescue aid), Bombardier Aerospace (an application for launch investment in connection with the proposed C Series aircraft) and Airbus (also an application for launch investment in connection with the A350).

Nuclear Liabilities

The Nuclear Decommissioning Authority

4.10 The Nuclear Decommissioning Authority (NDA) was established on 1 April 2005 under the Energy Act 2004. The NDA are now the owners of the plant and facilities of BNFL (the Magnox stations, Sellafield, THORP/SMP and Springfields), and took responsibility for managing clean up at the UKAEA sites. The NDA is charged with cleaning up the UK's historic civil public sector nuclear legacy at its sites safely, securely, cost effectively and in ways that safeguard the environment for this and future generations. In creating the NDA, our aim is to provide a more effective means of dealing with the legacy than has previously existed by driving forward greater efficiencies and through the introduction of competition for site clean up. This is a significant change to our approach to the clean up of the historic civil nuclear legacy in as much that for the first time ever there is a single 'controlling mind' providing a national strategic direction to managing the UK's nuclear clean up programme. And it is a considerable long-term, resource intense challenge – with civil liabilities currently estimated by the NDA (and set out in its strategy) as £35.4 billion.

4.11 The NDA has a budget of £2.2 billion; for 2005-06 approximately half funded by grant-in-aid, the other half from commercial income from its productive sites. The contribution from income will probably rise in the short term as opportunities are exploited but then fall off in the medium term as commercial units are progressively taken out of service.

104 The 2005-06 Royal Mail Accounts will be published in May/June. Updated figures will be available then.

4.12 In its first year of operation the NDA has focused on delivering the existing clean up plans of BNFL and UKAEA who now act as contractors to NDA. This programme of work was set out in its Annual Plan for 2005-06 which followed extensive stakeholder consultation. The NDA has prepared its programme of work for 2006-07 as set out in its 2006-07 Annual Plan. A significant achievement in 2005-06 has been securing efficiencies in programme delivery i.e. more work for less money at its sites by requiring its contractors to effect 7% efficiency savings. This requirement will be rolled over to future years.

4.13 But the NDA's great achievement is the preparation of its over arching (cradle to grave) Strategy to clean up the civil nuclear legacy. It should be noted that this is the first time that the UK has ever had such a Strategy. The NDA acknowledges that in an ideal world its Strategy would have come before the 2005-06 Annual Plan but in the period from its inception to its being established on 1 April that was not feasible. The NDA drew up its Strategy after completing a round of very extensive public consultations (held August – November 2005) with site stakeholder groups, Trades Unions, regulators, Government Departments, Scottish Executive, supply chain companies, and NGOs. All comments were considered and taken on board where appropriate. Feedback was overwhelmingly positive. This first Strategy is ostensibly for 5 years although it might be revised at the end of its first year as the NDA gains in experience. The Strategy provides options for: the restoration of the NDA's sites and their final use; as well as for prioritising safety, security and the environment by making the reduction of high hazards a key NDA focus; an aspiration to deliver accelerated clean up wherever feasible; a competition schedule to create a strong competitive market to achieve value for money for the tax payer; maintenance and delivery of skills; effective stakeholder engagement; and the provision of socio-economic support for communities affected by decommissioning and clean up of its sites. In addition, the strategy covers how the NDA intends to meet the PSA targets for decommissioning, efficiency, and competition agreed in SR04. As mentioned above the NDA has already achieved its efficiency gains well in advance of the PSA implementation date.

4.14 At the end of its first year the NDA has established itself as a key player in the nuclear industry. It is known and respected as an organisation focussed on deploying innovation, and engineering excellence in delivering the best outcome for the UK in takling the civil nuclear legacy. Its core value of openness and transparency in its business dealings has been welcomed by stakeholders.

Coal Health Liabilities

Settle coal health compensation claims efficiently and effectively.

4.15 The Department, in conjunction with miners' solicitors and the judge in charge of the lung disease Chronic Obstructive Pulmonary Disease (COPD) Scheme, has continued to work with all parties on the implementation of initiatives to speed up claims processing. As a consequence of two new 'fast track' processes, offer production more than doubled in 2005, from 70,000 in 2004 to 150,000.

4.16 As at 19 March 2006 the Department has made 321,000 payments under the COPD scheme from 521,000 claims received, with £1.8 billion paid in compensation to claimants.

4.17 The total number of claims received under the Vibration White Finger (VWF) compensation scheme is 170,000. The Department has now settled 121,000 claims with £1.2 billion having been paid in compensation to claimants.

4.18 During 2005 the Department's targets for VWF changed to focus on the closure of the scheme through the application of cut-off orders with the Court and the agreement of a Scheme Closure Plan with Capita, the Department's claims handlers. The passing of cut-off dates in the first half of 2005 for submission of Services, Wages Loss and Group 3 claims has enabled the Department to plan and resource more effectively. It is hoped to substantially complete the General Damages part of the scheme by end 2006 and the Services part by end 2007.

4.19 In July 2005 a tender was issued for the procurement of a new three year claims handling contract for COPD/VWF commencing from August 2006. This has been awarded to the current contractor, Capita.

4.20 An external review of the handling of the Department's coal health compensation schemes was published on 15 December 2005. Commenting on the report, Malcolm Wicks, the Energy Minister, said in a written statement to Parliament:

- "Given the scale of the task, it is important that there is confidence that the schemes are being well run. I am therefore pleased to take from the report the assurance that:
- The administration of the schemes is basically sound although there are lessons to be learned about how the schemes were put into operation;
- That, aside from continuing efficiency improvements, no major changes are needed to improve the running of the schemes; and
- That the fraud procedures in place are appropriate."

Other Residual Industrial Liabilities

Effectively managed the concessionary coal scheme and acted as Guarantor of the pension funds.

4.21 The National Concessionary Fuel Scheme provides concessionary solid fuel (or cash in lieu) to former employees of the British Coal Corporation and, at the end of 2005; there were 113,000 beneficiaries in the Scheme. Some 28,000 beneficiaries took their entitlement as solid fuel and the remainder as cash in lieu.

4.22 Provisions in EU and UK legislation impacted on our relationship with the two coal pension schemes. As a result the Department reduced its involvement with the governance and investment processes of each of the schemes.

4.23 The trustees of each scheme have undertaken a three yearly investment review and are in the process of making adjustments which marginally reduce exposure to equity volatility, which introduce a cash buffer to avoid the need to sell equities in extreme conditions but which aspire to maintain the same expectation of investment return.

Discharged other physical coal liabilities through the Coal Authority

4.24 The Coal Authority successfully met its liabilities in the year. The minewater programme is making good progress with new schemes being commissioned. Other hazards and property damage arising from the legacy of the coal industry were made good. The mining reports service

continues to provide house purchasers in coalfield areas with information about historic, current and planned coal mining activities.

Shipbuilders Liabilities

4.25 The Department is also responsible for managing the settlement of personal injury liabilities arising from the former employees of the British Shipbuilders Corporation on behalf of the Government. British Shipbuilders Corporation, the former nationalised shipbuilding company, still exists under statute even though the shipyards were sold off during the 1980s. The Corporation has no active trading operations and exists solely to meet its residual liabilities, which relate mostly to personal injury claims of its former employees, primarily through working with asbestos. These have been settled to date by the Corporation directly out of their current assets, which are invested with the National Loans Fund.

4.26 Following a review of the Corporation's liabilities, and an increased likelihood of asbestos related claims from former employees, the Department has taken on the future liabilities of asbestos related claims in line with a Minute to Parliament in 1988, (at the time of re-privatisation) that Government would meet any financial obligations arising from the Corporation in the future.

Plans for 2006-07

The Department will manage its assets to increase value, within the agreed policy and regulatory framework, by:

- Enhancing the value of the Shareholder Executive's six core portfolio companies (Royal Mail, BNFL, QinetiQ, National Air Traffic Services Ltd and CDC) by £1billion by 2007 by improving the professional management of those businesses;
- Continuing to emphasise quality of service and efficiency delivery in these businesses;
- Applying professional expertise to other businesses owned by Government in order to improve value.

The Department will discharge historic liabilities in a just and efficient manner that delivers value for money by:

- Ensuring that the Nuclear Decommissioning Authority (NDA) makes progress towards the PSA target of reducing the civil nuclear liabilities by 10% by 2010;
- Effective management of the health and concessionary coal schemes (including lung disease, vibration and knee injuries schemes) and shipbuilders liabilities.

In achieving these objectives the Department will monitor performance, manage risk and drive out inefficiencies while providing a safe and quality service. For example, the NDA will deliver at least annual 2% efficiency benefits from 2006-07, against its planned programme of work.

Figure 4.5 Expenditure on Assets and Liabilities (£million)

	2003-04 Outturn	2004-05 Outturn	2005-06 Working provision	2006-07 Plans	2007-08 Plans
Total Resource Del	**279.8**	**467.4**	**1,588.4**	**1,665.5**	**1,581.3**
of which:					
Nuclear Decommissioning Authority	0	0	1,282.7	1,406.3	1,323.3
UKAEA	198.9	304	11.2	0.0	0.0
British Energy – Historic Liabilities	0.0	184.5	186.2	195.0	200.0
Coal Authority	26.0	27.3	26.3	26.3	24.9
ECGD	0.0	0.0	5.0	5.0	0.0
Post Office[105]	69.3	75.8	28.9	1.8	1.8
Other	31.5	32.2	48.1	31.1	31.3
Total Resource AME	**4,772.5**	**-384.3**	**-127.9**	-258.2	-252.2
of which:					
Health claims and associated expenditure – non cash	941.4	-315.6	-122.5	-6.6	-2.1
Of which: increase/decrease in provision	664.6	-239.3	-54.4	31.3	15.3
Cash expenditure (excluded from resource cost)	894.3	873.2	1,160.5	979.7	531.7
Coal operating subsidy – non cash	0.4	0.5	0.0	0.0	0.0
Cash expenditure (excluded from resource cost)	0.0	0.8	0.0	0.0	0.0
British Coal Corporation External Finance – non cash	0.3	0.0	0.0	0.0	0.0
Cash expenditure (excluded from resource cost)	0.0	0.0	0.0	0.0	0.0
Coal Privatisation – indemnities – non cash	0.0	-0.2	-2.7	-2.6	-2.4
Cash expenditure (excluded from resource cost)	0.0	0.0	7.0	2.5	9.5
Coal privatisation – Avenue Cokeworks – non cash	0.0	8.4	-2.7	-2.5	-2.5
Cash expenditure (excluded from resource cost)	0.0	0.0	7.0	2.0	8.0
BNFL/Magnox decommissioning[106] – non cash	2,538.8	216.4	0.0	0.0	0.0
Cash expenditure (excluded from resource cost)	0.0	0.0	0.0	0.0	0.0
Managing Nuclear Liabilities (See footnote 104 below)	1,291.6	-293.8	0.0	0.0	0.0
of which:					
UKAEA Decommissioning – non cash	1,281.3	-295.6	242.7	-90.2	-101.9
Cash expenditure (excluded from resource cost)	305.6	288.5	0.0	0.0	0.0
UKEAE other – non cash	10.3	1.8	0.0	0.0	0.0
Cash expenditure (excluded from resource cost)	9.8	7.2	6.5	0.0	0.0

105 Figures for the Post Office include expenditure between 2003-04 and 2005-06 on Post Office Ltd's Urban Regeneration Programme

106 Under the Energy Act 2004, the NDA have taken on responsibility for expenditure on the civil nuclear legacy, and from 2005-06 these liabilities will feature on the NDA balance sheet.

Section 5

The Executive Agencies



The Executive Agencies

Small Business Service
Companies House
The Patent Office
The Insolvency Service
The Employment Tribunals Service
The National Weights and Measures Laboratory

Small Business Service

5.1 The Small Business Service (SBS) launched as an executive agency April 2000, is included in the Department's gross administration cost provision. In December 2002 the SBS published 'Small Business and Government – The Way Forward' which set out a new policy framework for a Government-wide approach to helping small businesses. It identified seven strategic themes as key drivers for economic growth, improved productivity and a wider involvement in enterprise for all. Building on this policy framework, in January 2004 the SBS published 'A Government action plan for small business – Making the UK the best place in the world to start and grow a business'.

5.2 During 2005-06, the SBS has driven forward the Government Action Plan; funded a successful second Enterprise Week; reviewed Government's social enterprise strategy and agreed an action plan to ensure that social enterprise becomes part of the business landscape; developed and launched a new Small Firms Loan Guarantee scheme, which is better targeted in that it is strategically focussed on start-ups and younger businesses; completed a review of the UK's key regulatory and administrative processes using the World Bank's Doing Business survey as a benchmark and made recommendations for streamlining and simplifying these processes.

Figure 5.1 SBS Performance Against Targets

Key Performance Indicator	Outturn and comment for 2005-6
Increase enterprise awareness in young people by supporting a further Make your Mark: Start Talking Ideas campaign culminating in a successful second Enterprise Week in November 2005 targeted on people in a wider 14-30 age group.	Enterprise Week 2005 was held from 14-20 November. Please see paragraphs 3.02 and 3.03 for further information.
Continue to support and promote social enterprise by completing a review of Government's three-year strategy by July 2005, and establishing future priorities for action.	An independent review of the Government's social enterprise strategy was carried out in 2005. Please see Paragraphs 3.04-3.06 for further information.
Increase the availability of risk capital for high growth potential businesses, by launching a pathfinder round of Enterprise Capital Funds within two months of EU state aid clearance being obtained.	Following clearance from the European Commission in May 2005, the competitive bidding round for fund managers seeking to operate a 'Pathfinder' Enterprise Capital Fund (ECF) was launched in July 2005. Please see paragraphs 3.26-3.28 for further information.
Hold a conference on risk capital in October 2005 as part of the UK's EU Presidency to highlight the importance of risk capital for small businesses with growth potential, and explore ways of increasing its availability in the UK and elsewhere in the EU.	The successful Risk Capital Summit was held 4 and 5 October 2005 attended by over 250 delegates from the EU, USA and Asia. Please see paragraphs 3.22-3.23 for further information.
Work in partnership with the RDAs to focus the Business Link service on information, diagnostic and brokerage services, and further improve on current levels of Business Link market penetration and customer satisfaction by April 2006.	Working in partnership with the participating lenders a simplified strategically targeted and more consistently available Small Firms Loan Guarantee (SFLG) was introduced on 1 December 2005 to reflect the recommendations of the Graham Review. See paragraphs 3.24-3.25 for further information.
Encourage female entrepreneurship by implementing recommendations being made by the Women's Enterprise Panel to increase the proportion of women-owned businesses by March 2006, and take decisions on whether to establish a National Women's Business Council by July 2005.	Implementation of the Women's Enterprise Framework and the Women's Enterprise Panel Action Plan is well underway. For more information please see paragrah 3.18 and 3.19.
Work in partnership with the English Regional Development Agencies to focus the Business Link service on information, diagnostic and brokerage services, and further improve on current levels of Business Link market penetration and customer satisfaction by April 2006.	From April 2006, Business Link's job is to provide impartial Information with Diagnosis of customer needs and brokerage to other service providers, opportunities and products from the public, private and voluntary sectors. For more information on business link please see paragraphs 3.31-3.33.

Figure 5.1 **SBS Performance Against Targets** *(continued)*

Key Performance Indicator	Outturn and comment for 2005-6
Improve small business access to public sector procurement and R&D opportunities by launching a Supplier Route to Government web portal by October 2005, and re-invigorating the Small Business Research Initiative so that more Government Departments are meeting the target of procuring 2.5% of their R&D from small and medium size businesses by March 2006.	All Government procurement opportunities (including R&D) will be posted on a new Government website, Supplier Route to Government 2 (SRG2).Please see paragraphs 3.08-3.09 for further information.
Complete a review of the UK's key regulatory and administrative processes using the World Bank's Doing Business survey as a benchmark and, with the Small Business Council, make recommendations on the scope for streamlining and simplifying these processes by January 2006.	Completed. Recommendations on streamlining or simplifying procedures have been discussed with the responsible Departments and Agencies. Suggestions have been included in the SBS's input to the 2005 Pre-Budget report and Budget 2006. In some instances questions have arisen about the accuracy of the data used by the Doing Business report and queries have been raised with the World Bank. The project has also raised the profile of the Doing Business methodology with Departments and has encouraged them to consider streamlining procedures with small business in mind.
Increase the SBS's influence on small business issues within Government, across the regions and internationally by building our capabilities as a source of expertise, leadership and challenge.	Independent analysis from a survey of stakeholders found that 11 out of 12 of the stakeholder groups agreed that the SBS understands the small business environment and since the SBS was established, Government's understanding of the small business environment has improved. This is further supported by case study evidence. SBS has run a central development programme for all senior staff including workshops, action learning and seminars to improve leadership and influencing capabilities and ensure that knowledge is shared effectively.

Figure 5.2 SBS Service First Performance

Target	2003-04	2004-05	2005-06
100% of visitors seen within 10 minutes of agreed appointment time.	100%	100%	95%
100% of correspondence answered within 15 working days of receipt.	100%	100%	95%

Figure 5.3 SBS Financial Performance

£million	2004-05 outturn	2005-06 plans	2006-07 plans	2007-08 plans
Administration costs	18.1	12.0	11.0	11.0
Programme	170.8	166.8	169.6	169.5
Capital	36.4	17.0	52.0	61.0

Companies House

5.3 Companies House is continuing to transform the way it operates, with the emphasis on moving from an organisation which handles millions of paper documents to one which has fully electronic processes to help customers file and access information about companies. The Department is well on the way to achieving this, with more than 80% of incorporations and 23% of all documents being filed electronically. This year the Department has been working to help customers see the benefits of using these services in terms of the speed, lower cost and greater security that they can offer. Companies House operates a trading fund with its expenditure covered by the fees it charges.

Figure 5.4 Companies House Financial Performance

£million	2004-05 outturn	2005-06 plans	2006-07 plans	2007-08 plans
Income	56.9	68.4	69.0	65.5
Expenditure[107]	54.8	61.2	70.3	75.0
Surplus	2.1	7.2	(1.3)	(9.5)

107 Expenditure has been adjusted to take account of restructuring cost, net interest payable/receivable and also the dividend on average capital employed.

Figure 5.5 Companies House Performance Against Targets

	TARGET:	2002-03	2003-04	2004-05 Final Outturn	2005-06 Estimated Outturn
Take up for electronic submission of documents by end of March	**Target**	New	New	15%	35%
	Outturn			11%	28%
Combined Compliance rate for Accounts and Annual Returns	**Target**	New	New	92%	92%
	Outturn				91.2%
Capture Data Accurately	**Target**	96%	96.5%	96.5%	97.5%
	Outturn	96%	95.1%	97%	97.9%
Image Quality	**Target**	98%	98%	98%	99.5%
	Outturn	94%	97%	99%	99.7%
Companies House Direct and Webcheck services available: 2002-03 – 2004-05 Mon-Fri 7am – 8pm 2005-06 Mon-Sat 7am – midnight	**Target**	98%	98%	98%	99%
	Outturn	98%	98%	99%	99.2%
WebFiling service availability 2004-05 Mon-Fri 7am – 8pm 2005-06 Mon-Sat 7am – midnight	**Target**	New	New	98%	99%
	Outturn			98%	99.5%
% Enablement of documents submitted online by March 2006	**Target**	New	New	New	80%
	Outturn				84.5%
Reply to all Chief Executive cases from MP's within 10 days or receipt	**Target**	100%	100%	100%	100%
	Outturn	100%	100%	100%	100%
Resolve complaints within target period	**Target**	96%	97%	97%	97%
	Outturn	98%	97%	98%	98.9%
Customer satisfaction survey (quarterly)	**Target**	>80%	>80%	>82%	>85%
	Outturn	80%	85%	86%	85.9%
Payment of bills in 30 days or agreed terms	**Target**	100%	100%	100%	100%
	Outturn	99.6%	100%	100%	99.7%
For 2007-08 reduce compared to 2004-05 the unit cost of the range of transactions covering registration, company search and active register size	**Target**	New	New	New	10% for 2007-08
	Outturn				
Reduce real unit cost of processing/document registration compared with previous year	**Target**	3%	3%	3%	Discontinued
	Outturn	3%	4.9%	-4%	

Figure 5.5 Companies House Performance Against Targets

	TARGET:	2002-03	2003-04	2004-05 Final Outturn	2005-06 Estimated Outturn
For the five year period from April 2004 to March 2009 to achieve a return averaged over the whole period (in the form of surplus before interest payable/ capital and reserves)	**Target**	New 5 years	New	New	3.5% over
	Outturn				
Achieve taking one year with another an average annual rate of return (operating surplus/average net assets x 100%)	**Target**	6%	6%	3.50%	Discontinued
	Outturn	9%	9%	4.50%	

The Patent Office

5.4 The Patent Office is a Trading Fund and as such its expenditure does not feature on the Department's Request for Resources. It is required to service its debt and pay a dividend, and its annual administration costs are entirely covered by fee income. The Patent Office is working to a Ministerial efficiency target of increasing output relative to expenditure by 2.5% a year. It has a second efficiency target, set in the Department's Efficiency Technical Note, of reduced total current expenditure on the operations of the trading fund compared with the baseline of the Corporate Plan for 2004-05. The Office is also working towards other challenging customer service standards and Ministerial targets.

Figure 5.6 **Patent Office Performance Against Targets**

	TARGET:	2003-04	2004-05 Final Outturn	2005-06 Estimated Outturn
To pay bills within 30 days of receipt of goods or services or a valid invoice, whichever is the later	**Target**	100%	100%	100%
	Actual	98.6%	99.2%	99.0%[a]
To reply within 10 working days to all MPs' letters delegated to the Chief Executive	**Target**	100%	100%	100%
	Actual	100%	100%	100%[a]
Efficiency targets: 1. Output / expenditure[c] 2. Expenditure reduction[d]	**1. Target** **Actual**	2% 2.6%	2% 1.5%	2.5% -7.2%[a b]
	2. Target **Actual**	N/A N/A	N/A N/A	-£1.3million -£2.1million[b e]
In addition to those listed in the previous table the following targets have been set for The Patent Office.				
To increase performance year on year so that 90% of search reports are issued within six months of request by 2005-06	**Target**	90%	75%	Discontinued
	Actual	69.64%	86.79%	
To be issuing 90% of search reports within 5 months of request by the end of the year.	**Target**	N/A	N/A	90%
	Actual			80.24%[a]
To grant 90% of patents within 3 years of request	**Target**	90%	90%	90%
	Actual	89%	91%	96%[a]
To register 90% of correctly filed design applications, to which no substantive objections have been raised, within 3 months of the date of application	**Target**	90%	90%	90%
	Actual	95.5%	97.5%	99.5%[a]
To register 90% of processed trade mark class applications, to which no substantive objections are raised or oppositions filed within 9 months of application	**Target**	90%		Discontinued
	Actual	98.5%		
To reduce to an average of 39 weeks the time taken to issue a decision in trade marks inter partes cases once the case is ready	**Target**	100%		Discontinued
	Actual	100% (29 wks)		
To reduce to an average of 26 weeks the time taken to issue a decision in trade marks inter partes cases once the case is ready	**Target**	N/A	100%	100%
	Actual		100% 26 weeks	27 weeks[a]
To publish details of progress towards key milestones in the UK and International policy development in the Annual Report and on our website	**Target**	100%	100%	100%
	Actual	100%	100%	100%[a]
Establish a baseline and metrics for IP awareness and a target for 2005-06.	**Target**	N/A	N/A	100%
	Actual			To be determined at year end

Figure 5.6 Patent Office Performance Against Targets *(continued)*

a Outturn as at 31 December 2005

b actual efficiency affected by customer demand levels lower than plan, greater than originally planned effectiveness at reducing work backlogs, and resulting need to reduce staff levels with associated costs and reduced outputs.

c Increase output in relation to current expenditure by an average of at least 2% per year over a rolling 3-year period. From 2005-06 2.5%, 1 year result as the beginning of a new 3 year period.

d Published Efficiency Technical Note target: reduced total expenditure on operations compared with 2004-05 Corporate Plan baseline.

e Forecast for 2005-06

Figure 5.7 Patent Office financial performance

£million	2004-08 outturn	2005-06 working provision	2006-07 plans[b]	2007-07 plans[b]	2008-09 plans[b]
Income	54.3	55.4	55.4	55.9	56.7
Expenditure[a]	42.3	48.4	49.6	53.1	53.9
Surplus	12.0	7.0	5.8	2.8	2.8

a Note: Expenditure is net of interest receivable, and surplus is profit before interest payable and dividend

b Draft financial plans – may be subject to change before Ministerial approval

The Insolvency Service

5.5 The Insolvency Service operates under a net control regime but is funded by the Department in respect of its work on investigation and enforcement and the development of insolvency policy. The key issues for The Service are the implementation of the insolvency reforms contained in The Enterprise Act 2002, which came into force on 1 April 2004. These reforms include the move to a net controlled regime from 2004 and the introduction of the new enforcement output of Bankruptcy Restriction Orders.

Figure 5.8 Insolvency Service performance against targets

	TARGET:	2002-03	2003-04	2004-05 Final Outturn	2005-06 Estimated Outturn
Hold initial meeting of creditors within 12 weeks	Target	97.0%	Discontinued	Discontinued	Discontinued
	Outturn	97.3%	Discontinued	Discontinued	Discontinued
Report to creditors on assets and liabilities within 8 weeks	Target	98.0%	Discontinued	Discontinued	Discontinued
	Outturn	98.4%	Discontinued	Discontinued	Discontinued
Complete Case Administrations	Target	28,500	26,000	Discontinued	Discontinued
	Outturn	30,328	28,907	Discontinued	Discontinued
Number of prosecution reports submitted where there is evidence of criminal behaviour	Target	1,174	Discontinued	Discontinued	Discontinued
	Outturn	1,097	Discontinued	Discontinued	Discontinued

Figure 5.8 Insolvency Service performance against targets *(continued)*

	TARGET:	2002-03	2003-04	2004-05 Final Outturn	2005-06 Estimated Outturn
Number of proceedings brought in the public interest for the disqualification of directors of failed companies	Target	1,575	Discontinued	Discontinued	Discontinued
	Outturn	1,775	Discontinued	Discontinued	Discontinued
Contain the unit cost of case administration at +1% **	Achievement	2 Year Target	+1% -6.2%	Discontinued	Discontinued
Contain the unit cost of investigating cases at +10% **	Achievement	2 Year Target	+10% +3.9%	Discontinued	Discontinued
Percentage of user satisfaction as measured by the USI	Target	New	86%	88%	88%
	Outturn		87.9%	86%	84%
The average time of concluding Disqualification proceedings months	Target	New	24	22	22
	Outturn		22.4	25	25
Percentage of disqualification cases concluded in: 30 months – 86% 24 months – 60%	 Achievement Achievement	 New New	 80.8% 54.4%	 Discontinued Discontinued	 Discontinued Discontinued
Action invoices for payment 30 days – 100% 20 days – 97%	 Achievement	 New	 99.1% 95.8%	 99% 95%	 99%
Action Insolvency Service Account payments within 4 days – 98%	Achievement	New	97.4%	97.6%	98%
Action redundancy payment claims within 6 weeks and within 3 weeks	Target Outturn Target Outturn	80% 86% New	82% 89% New	90% 92.5% New	92% 70%
Maintain the level of open insolvency cases at <12 months input	Achievement	New	New	89.8%	Discontinued
Reduce the case administration fee by 1 April 2006 to £1,600	Achievement	New	New	2 Year Target	£1,625
Reduce the company administration fee by 1 April 2006 to £1,920	Achievement	New	New	2 Year Target	£1,950
Increase manpower productivity of processing redundancy payment claims by 11%	Achievement	New	New	13%	Discontinued
Reduce the cost of Policy work by 9%	Achievement	New	New	10%	Discontinued
Reduce the cost of enforcement activity by 4%	Achievement	New	New	15%	Discontinued
Establish a new benchmark unit cost for post Enterprise Act enforcement activity in 2004-05 and then reduce that cost by March 2006 by 25%	Achievement	New	New	2 Year Target	-15.4%
Increase enforcement activity outputs in 2005-06 over the 2004-05 baseline by 41%	Achievement	New	New	2 Year Target	38.3%

Figure 5.8 Insolvency Service performance against targets *(continued)*

	TARGET:	2002-03	2003-04	2004-05 Final Outturn	2005-06 Estimated Outturn
Retain accreditation from Charter Mark – summer 2004 Investors in People January 2006	Achievement Achievement	New New	New New	Achieved 2 Year Target	Achieved Achieved
Reduce the costs of the accommodation and procurement functions by 8% over two years	Achievement	New	New	2 Year Target	-9.2%
Increase the level of public confidence in The Service's enforcement regime	Target Outturn	New	New	New	64.75%

**These increases reflect plans by The Service to invest in information technology and staff resources to prepare for the Enterprise Bill. This investment is expected to lead to a net reduction in unit costs over a five-year period.

Figure 5.9 The Insolvency Service Financial Performance

£million	2004-05 outturn	2005-06 Working Provision	2006-07 plans	2007-08 plans
Income *	78.1	101.0	119.8	134.2
Administration Costs	10.5	10.7	10.7	10.7
Programme * **	94.4	110.9	163.5	176.8
Net Funding ***	28.6	35.0	53.6	51.6

* Workload is estimated at 53,300 in 05/06, 66,400 in 06/07 and 73,500 in 07/08.

**Includes costs for Companies Investigation Branch from 1 April 2006.

***Net funding excludes surplus fee income carried forward which is not available for investigation, enforcement and policy costs.

Figure 5.10 Redundancy Payments

£million	2004-05 outturn	2005-06 Working Provision	2006-07 Estimate	2007-08 Estimate
Payments	217.3	289.0	255.0	255.0
Receipts	30.8	28.0	26.0	26.0

The Employment Tribunals Service

5.6 The Employment Tribunals Service (ETS) is a gross cost controlled Agency, which provides administrative support to The Employment Tribunals and The Employment Appeal Tribunal. The number of claims made to the tribunals has increased during 2005-06 and the cases continue to increase in complexity. Despite this, user satisfaction remains very high.

5.7 From 1 April 2006 the ETS will become part of the DCA's Tribunals Service Agency. Further information is available via the Tribunals Service website[108] from 1 April 2006.

108 www.tribunals.gov.uk

Figure 5.11 ETS Performance against targets

Performance Against Key Targets		2002-03	2003-04	2004-05	2005-06	2006-07
Registered Employment Tribunal claims		98683	115042	86181	100000	89000
Registered Appeals to The Employment Appeal Tribunal		1170	1235	885	800	
Percentage of Single ETS cases to a first hearing within 26 weeks of receipt	Target	75%	75%	75%	75%	75%
	Actuals	74%	81%	82%	79%	
Minimum to be achieved by all offices in relation to above target	Target	65%	65%	65%	65%	65%
	Actuals	45%	68%	67%	55%	
Percentage ETS decisions issued within four weeks of the final hearing	Target	85%	85%	85%	85%	85%
	Actuals	86%	86%	87%	87%	
Percentage of Employment Tribunal users satisfied with the services offered by ETS	Target	85%	85%	85%	85%	85%
	Actuals	95%	97%	95%		
Percentage of appeals to EAT registered for a preliminary hearing ready for listing within six weeks	Target	90%	New Target	New Target	New Target	
	Actuals	92%	Introduced	Introduced	Introduced	
Percentages of appeals to EAT to a first hearing within 39 weeks of receipt	Target		75%	New Target	New Target	
	Actuals		97%	Introduced	Introduced	
Percentages of appeals to EAT to a first hearing within 26 weeks of receipt	Target		75%	75%	75%	75%
	Actuals		93%	93%	97%	
Real terms reduction in Employment Tribunal Administrative unit costs	Target	3%	3%	3%	3%	3%
	Actuals	-11%	-7%	4%		

Figure 5.12 Employment Tribunal Claims by jurisdiction

	2002-03	2003-04	2004-5	2005-6
Unfair dismissal	26%	23%	26%	21%
Unauthorised deductions	23%	22%	24%	17%
Discrimination (Including Equal Pay)	14%	16%	18%	19%
Other	37%	39%	32%	43%

Figure 5.13 ETS Financial Performance

£million	2003-04 outturn	2004-05 outturn	2005-06 plans	2006-07 plans	2007-08 plans
Admin Cost	27.3	27.6	27.3	28.8	28.2
Programme Cost	42.9	42.1	41.6	45.1	46.1
Capital	1	3.4	3.2	3.6	0.6

The National Weights and Measures Laboratory

5.8 The National Weights and Measures Laboratory (NWML) operates under a net running cost regime. It is free to increase expenditure in line with workload provided that this is recovered by receipts. In 2004-05 NWML met seven of its eleven targets. The current set of targets provides a balance of financial, efficiency and customer focussed targets.

5.9 In 2005-06 NWML adopted a new business strategy of focussing on its core business and organic growth. This has proved very successful. Furthermore the Laboratory has developed its core function as a UK centre of excellence for legal metrology by agreeing a memorandum of understanding with Ofgem to take over responsibility for regulation of gas and electricity meters from 13 April 2006.

5.10 The Laboratory has taken on responsibility for enforcement of the RoHS Regulations under a memorandum of understanding with the Department. This builds on NWML experience of regulatory enforcement generally.

Figure 5.14 NWML Performance Against Targets

07Performance Against Key Targets		2001-02	2002-03	2003-04	2004-05	2005-06 Forecast
To break even in the I&E account.	Target	0	-310	-35	105	0
	Actual	85	-90	-56	-10	40
To meet the net RfR target	Target	170	Discontinued			
	Actual	100				
Ensure that total overhead costs are less than x% of total costs	Target (x)	55%	58%	55%	55%	Discontinued
	Actual	54.4%	56.3%	59%	58%	
Completion of x% calibration jobs within y working days and an average completion of less than z days	Target (x)	95%	95%	95%	95%	95%
	Actual	96.2%	97.3%	95.8%	90%	96%
	Target (z)	N/a	14	14	14	13
	Actual	N/a	10	9.6	10	10
	Number of Days (y)	18	18	18	18	18

Figure 5.14 **NWML Performance Against Targets** *(continued)*

07Performance Against Key Targets		2001-02	2002-03	2003-04	2004-05	2005-06 Forecast
To complete all type approval work (new patterns, variants, amendments, renewals, additions, Test Certificates, & OIML Certificates of Conformity within x working days	Actual				100%	100%
	Target				100%	100%
	Number of Days (x)				45	45
Completion of x% European type approvals jobs in y working days. From 2003/04 this has been extended to all type approval jobs	Target (x)	95%	95%	100%	100%	100%
	Actual	100%	97%	100%	100%	100%
	Number of Days (y)	50	50	50	50	45
Achieve an average completion time of x working days or better for European type approvals	Target (x)	30	30	25	25	23
	Actual	22	25	23	15	5
Achieve an average completion time of x working days or better for UK type approvals	Target (x)	N/a	N/a	35	35	32
	Actual			18	20	20
To meet x% milestones by their due date in the work programme agreed between the NMSPU and NWML	Target (x)	70%	72%	80%	80%	80%
	Actual	75.8%	80%	79%	82%	91%
Achieve a customer rating of x% or more for NWML's provision of services	Target (x)	95%	95%	95%	95%	95%
	Actual	95%	95.9%	98.9%	98%	98.9%
To increase non-DTI income by x%	Target (x)	7.5%	Discontinued			
	Actual	-16%				
In respect of approved verification to complete the evaluation of the application and supporting documentation within 30 days of receipt for at least X% of applications	Target (x)	N/a	N/a	95%	80%	80%
	Actual			50%	100%	100%

Figure 5.15 NWML Financial Performance

£million	2003-04 Outturn	2004-05 Outturn	2005-06 Plans	2006-07 Plans	2007-08 Plans
Income	3.2	3.3	3.6	3.9	3.9
Expenditure	3.3	3.3	3.6	3.9	3.9
Net cost of operations	-0.1	0	0	0	0

Section 6

Managing the Department



Managing the Department

Introduction
Governance
Setting and Delivering Priorities
Corporate Services
(i) Leadership People and Skills
(ii) Working in Partnership
(iii) Organisation and Systems
Corporate Communications
Legal Services
Delivering Efficiency Targets

Introduction

The Corporate Centre of the Department enables the Department to deliver its objectives and its purpose of 'Creating the conditions for business success; and helping the UK respond to the challenge of globalisation'.

Delivering this Strategy requires a high-performance workplace with a strong focus on delivery. To help provide this the Department has put in place a governance system and high quality support services. We are committed to transforming and continuously improving our internal processes and services so that they effectively and efficiently meet the needs of their internal customers and support the delivery of the Department's strategic objectives and priorities.

Governance

6.1 The Department's governance system (i.e. how we make corporate decisions) was reorganised in March 2006 to that shown below. The new structure aims to: clarify the roles of the board/ committees and the relationships between them; make more effective use of Independent Board Members to challenge, advise and increase transparency; use committees to take some decisions at that level and, in other areas, consider options and refine information before presentation to the Management Board; push decision making down the organisation; and encourage corporate behaviour.

Figure 6.1 DTI Governance Structure



The Management Board

6.2 Under the new structure it is the role of the Management Board (formerly known the Executive Board) to provide corporate strategic leadership and, specifically set the Department's strategic aims within the framework set by Ministers, agree the Business Plan, ensure resources are in place to deliver the Department's objectives, monitor performance against those objectives and enhance the Department's capacity to deliver. It is chaired by the Permanent Secretary, and includes: all Directors General, Group Chief Executive UK Trade & Investment, and four Independent Board Members. This Board is supported by the three other Departmental Committees shown in Figure 6.1 above.

6.3 The Departmental members of the Management Board (with effect from June 2006) are:

- Sir Brian Bender Permanent Secretary
- Andrew Cahn, Chief Executive, UK Trade & Investment
- Anthony Inglese, Solicitor and Director General Legal Services Group
- Hilary Douglas, Chief Operating Officer
- John Alty, Director General Fair Markets Group
- Keith O'Nions, Director General of the Research Councils
- Mark Clarke, Director General Finance and Strategy Group (in post from June 2006)
- Mark Gibson, Director General Enterprise and Business Group
- Matthew Hilton, Director of Strategy and Communications
- Vicky Pryce, Chief Economic Adviser and Director General Economics
- Willy Rickett, Director General Energy Group.

The four Independent Board members are:

- Crawford Gillies Senior Adviser, Bain & Company Inc, and Former Chairman of the CBI London Region
- Mary McAnally, a member of the Board of the South East of England Development Agency and Former Member of the Cultural Consortium for the South East, Chairman of Sport England South East, Member of the Board of Sport England, Director of Media Local Solutions Ltd and a Member of the Committee for the All England Club
- Fields Wicker-Miurin, Co-Founder and Partner of Leaders' Quest, Non-Executive Director of Savills plc, the Carnegie Group, the Royal London Group, CDC Group plc and Governor, Kings College London
- Dr Brian Woods-Scawen, Chairman of West Bromwich Building Society and a Member of the Committee on Standards in Public Life, formerly Chairman of PricewaterhouseCoopers

Setting and Delivering Priorities

6.4 Work on setting and delivering priorities aims to identify the Departmental strategic priorities based on sound evidence and sets out in the Business Plan the activities and actions to deliver these priorities. Performance against these plans is measured through a rigorous performance management system, monitored by the Management Board. The overall aim is to ensure processes and systems are in place to enable the Department to plan, deliver, monitor and evaluate strategic priorities and to continue to enhance a comprehensive evidence base.

Performance in 2005-06

6.5 During the year the Department has built on the priorities and principles in the Strategy, and the actions identified in the Five Year Programme. As well as developing a strategic approach to the 2007 Comprehensive Spending Review the Department has refined its Statement of Purpose and initiated the "DTI 2020" project which aims to identify how the Department may look in 2020, including its future role, policies and spending priorities. The Departments ability to deliver its policy commitments has been enhanced by the full implementation of the Project Pool, enabling resources to be allocated more flexibly to its priority projects.

Plans for 2006-07

- Continue to ensure strategic priorities are based on a compelling evidence base and appropriate risk assessment.
- Ensure that there is a co-ordinated approach across the Department to the 2007 Comprehensive Spending Review against the backdrop of the 'DTI 2020' project.
- Work to distribute resources to areas that maximise the delivery of the Department's objectives while ensuring robust monitoring and evaluation of delivery.
- Implement the revised governance structure.

Corporate Services

6.6 The Department's central directorates work in partnership with other Groups to help achieve the Department's objectives, by providing the internal services and infrastructure required in a streamlined way to make the best use of resources. The central directorates are also responsible for providing professional leadership for change within the Department, driving this forward through: continuous improvement and strategic investment in internal systems and processes that deliver greater professionalism and cashable efficiency savings.

(i) Leadership, People and Skills

6.7 The Department's people strategy is to build a high performing workplace that people want to join and are proud to be a part of while maximising the contribution everyone makes to the delivery of the Department's Business Objectives. Strong leadership and effective management in the Department is vital to ensuring that both individual and team performance improves, and personal and career development enhanced.

Performance in 2005-06

6.8 Leadership is a key consideration in selection for promotion. The Department has extended its investment in leadership by introducing a new development programme for people just below Senior Civil Service level, with around 800 people participating in the programme so far.

6.9 The Department has reviewed its assessment criteria for recruitment to the Senior Civil Service, focusing on evidence-based policymaking, communications skills, strategic thinking, managing people and financial and project management, ensuring better alignment with cross-Whitehall Senior Civil Service competencies and the new Professional Skills for Government framework. In addition the Department has increased its investment in learning and development, targeting the Department's key priorities, including improved business credibility, better policymaking and project management capability.

6.10 The Department has commenced the implementation of the Professional Skills for Government (PSG) programme. The implementation plan and communications strategy are designed to ensure that PSG becomes part of the Department's culture, featuring in all work and publicity about skills, learning and development. It is becoming central to how the Department deals with recruitment, selection and promotion.

6.11 The Department has improved the development of its specialists, reorganising its finance functions, and introducing a new Finance Excellence Plan that will result in, smaller and more customer focused teams, each headed by a professional accountant. The Finance Excellence Plan will enhance the performance of the Department's finance function and improve the career management of its finance specialists.

6.12 The Department's staff appraisal system has been enhanced so that in addition to half yearly and end of year reviews, best practice is now that managers complete quarterly reviews with their teams to promote more regular discussions on performance. Greater focus has also been placed on staff where improvements to performance have been identified to ensure there is an agreed plan to improve performance.

Days lost through sickness absence

Target by 2004-05 – 7.2 days lost per person

Performance in 2004-05 – 5.9 days lost per person

Figure 6.2 Diversity in the Senior Civil Service

	Target by 2008	Performance (October 2005)
SCS who are women	37%	37%
Top SCS posts occupied by women	35%	30%
SCS from ethnic minority backgrounds	8%	4%
SCS with disabilities	4.7%	3.2%

Plans for 2006-07

- Continue to develop leadership and management capability while making performance management a higher priority.
- Adopt a new talent management programme for high performers and people with potential.
- Review the Department's capacity in the context of a Capability Review, as part of the programme announced last autumn by the Cabinet Secretary.
- Managing capacity. Completing the work of the Moves Pool, which was established to help people displaced by downsizing and restructuring, helping any remaining surplus staff to find posts; developing workforce metrics to inform the development of a people strategy for the Comprehensive Spending Review.
- Review the Department's learning and development strategy to ensure that our investment is delivering value for money, and complete the roll-out of the Professional Skills for Government Programme.
- Promote the benefits of diversity and meet the commitments in the Diversity Plan agreed by DTI's Management Board in January 2006.

(ii) Working in Partnership

6.13 In line with other Government Departments, the DTI carries out regular surveys of staff opinion. The latest results (November 2005) show significant improvements in staff motivation and overall satisfaction. People have a very clear understanding of how their work contributes to the Department's business objectives and what is expected of them in terms of conduct, performance and attendance. More people than previously believe the Department is a good place to work for compared to other organisations. Among the other strengths are internal communications, consultation arrangements for change and support given to develop management skills.

6.14 However, there is still more to do to manage change effectively, improve performance management for individuals and teams, tackle poor performance and increase the visibility of senior management. And we need to work harder to increase people's pride in working for the Department. To help with this the Department has identified a number of key people priorities for 2006-07. We aim to create a Department that:

- Demonstrates strong leadership and effective management by getting better at managing change
- Is high performing and manages poor performance by giving regular, honest and constructive feedback
- Works in partnership with its employees by creating a culture where it's safe to speak up and challenge
- Provides personal and career development by working to ensure that the new cross-Whitehall Professional Skills for Government framework is relevant to all staff
- Provides a good working environment by working smarter and more flexibly to improve performance and achieve better work life balance.

In addition, the Permanent Secretary and his Management Board have adopted their own priority of significantly improving the visibility of the Departments top team in 2006/07.

(iii) Organisation and Systems

6.15 The Department has continued to invest in improvements to its core systems to improve its delivery and provide value for money. The Department's efficiency programme is a key component of this approach and further detail on this can be found in the section on 'Delivering Efficiency Targets'.

Performance in 2005-06:

6.16 Staff have been provided with new desktop PCs which have improved access to and performance of the Department's ICT services and a new email management facility has meant that almost one terabyte of storage space has been saved, again helping improve performance. The Department combined its translation function with the Foreign and Commonwealth Office to deliver a shared Translation Service.

6.17 The Department has set up the Response Centre, a centralised correspondence handling unit, to improve the efficiency and effectiveness with which the Department handles correspondence and other external communications. There has been a dip in performance in the last year as the Response Centre has worked to establish itself and train new staff. Development plans have been put in place to build performance and these are helping the Response Centre to improve its performance, particularly on the timeliness of responses. Data on performance is set out in figure 6.3 below.

Figure 6.3 Correspondence

	2002	2003	2004	2006 (to March)
Letters answered or receiving a holding reply within 15 working days	97%	97.5%	84%	75%
MP's letters answered within 15 working days	58%	72%	50%	59%
MP's letters to Agency Chief Executives answered within 10 Days	85%	100%	97%[109]	N/A

109 Average

Plans for 2006-07

- The Department will explore the options for a greater sharing of Corporate Services with other parts of the Department's family and wider Government.
- The Department will continue to work to improve its performance in responding to correspondence.

Corporate Communications

6.18 Building and maintaining effective corporate communications and stakeholder relations along with a cost effective and strategic approach to marketing and communications continues to be a priority for the Department.

Performance in 2005-06

6.19 As well as revising its statement of purpose to give greater clarity on its role, the Department has developed a Corporate Communications strategy, strengthening and emphasising the effective management of both corporate and Government stakeholders. By integrating the corporate communications teams in the business planning process, the Department has ensured a much clearer understanding of marketing and communications activities across the Department.

Expenditure on marketing communications

Programme budget holders are responsible for expenditure on advertising and other marketing communications, alongside other items of spending in support of their objectives. In exercising this responsibility, they are advised on the most effective publicity and presentation options by central publicity and media specialists or by local teams of advisers with the necessary skills and experience. Major areas of marketing activity in 2005-06 included renewable energy with a communication budget of £997,500 and employment relations, with a £0.55million budget for campaigns to publicise changes in the national minimum wage and new regulations on informing and consulting employees. Publicity for the Consumer Direct helpline project cost £3.24million.

In addition there was a centrally held budget of £996, 000 for publicity spending in 2005-06. The budget was used to fund the publicity requirements of the Queen's Awards Office (£453,000), the Departments presence at key stakeholder events and corporate communications resources.

Private Sector sponsorship of Departmental activities

The Department continues to follow strictly the recommendations of the Committee on Standards in Public Life and Cabinet Office guidelines in handling any sponsorship arrangements with the private sector. Central advice is available to policy directorates and Agencies where required.

In 2005-06, the Department had no significant (i.e. more than £5,000) commercial sponsorship in cash or in-kind that was received for projects managed centrally.

Plans for 2006-07

- Continue to provide excellent corporate communications through the provision of high quality and timely service, information and advice while maintaining positive relationships with the Department's corporate stakeholders.
- Develop new corporate messages and launch a new Departmental website, improving access to information and enhancing the reputation of the Department.
- Develop the Media Features unit into an in-house PR centre of expertise.

Legal Services

6.20 The Legal Services Group is responsible for providing Ministers, officials and the Department's agencies with high quality legal services across the full range of the Department's activities, including the preparation of legislation, advice on aspects of policy, investigating and where appropriate prosecuting criminal offences, contributing to EU negotiations and to the development of international commercial and private law-making.

6.21 The Legislative Board, which leads on the prioritisation of the Department's legislative programme, is chaired by the Solicitor and Director General Legal Services. It monitored the progress of Bills in the preparatory stages and promoted training in the Department about Bills and Statutory Instruments.

Performance in 2005-06

6.22 All four of the Department's Bills, The Consumer Credit Bill, The Work and Families Bill, The Equality Bill and the Company Law Reform Bill, were successfully introduced into the current session of Parliament. In addition, the Group chaired the Whitehall Prosecutors Group and has continued to play a leading role in co-ordinating the efforts of Government prosecuting authorities.

6.23 As part of its commitment to delivering excellent legal services, the Group takes regular soundings from clients and stakeholders on its performance, including an annual survey. The most recent survey (January 2006) showed that 99% of clients were either satisfied or very satisfied.

Plans for 2006-07

- Clients will receive high quality, timely and fit for purpose legal advisory services on major legal projects and baseload work on policy delivery.
- The UK corporate and insolvency regime will be enforced, through investigations and prosecutions of criminal offences and where necessary supporting other Departmental policies on criminal offences under other Acts in an effective and appropriate way.
- The Legislative Board will ensure that the Department's bids for legislation are prioritised, credible and efficiently progressed

Delivering Efficiency Targets

DTI's SR04 Efficiency target as in the Gershon Report: To achieve annual efficiencies of at least 2.5% a year, equivalent to at least £380m by 2007-08. At least half of these efficiencies will be cash releasing, allowing resources to be recycled to priority programmes.

6.24 The Department's five-year strategy and Business Plan set out how it will strengthen its focus on delivery and provide value for money. The Department's vision is of a smaller, simpler and more responsive core Department, focused on its national policymaking and influencing role. The Department's services to customers will be delivered by contractors, partners or agencies from regional locations.

6.25 The Department published a refreshed version of its Efficiency Technical Note in December 2005, including descriptions of each major work stream, and greater detail on measurement metrics and methodologies, data sources and quality assurance measures. This was accompanied by measurement methodologies for the main programme work streams: Business Support, RDAs and Research Councils. The technical note and supporting documentation is available from the Department's website[110].

6.26 Quality measures for the main work streams are also defined within the Department's SR04 Efficiency Technical Note. Each Objective within the Business Plan includes at least one efficiency target, demonstrating that efficiency is delivered by every part of our business. The Department's performance management framework demonstrates through quarterly scorecard reporting the impact of efficiency on delivery of the Department's progress towards the achievement of its PSA targets and other Business Planning Objectives, requiring a balanced examination of specific budget lines against performance management targets. To date, scorecard reports have shown maintained or improved performance against the lines being tracked as efficiency gains. We apply a tolerance approach to measurement and would not count unquantifiable savings as efficiency.

6.27 The OGC Efficiency Team moderate the progress of our Efficiency Delivery Programme twice a year. The Department received positive feedback at its most recent assessment in December 2005. The Department's Internal Audit Unit has also commissioned periodic reviews of our financial and quality efficiency measures and monitoring systems, involving independent assessment by PWC. Our major efficiency delivery work streams (Science, RDAs and Business Support) include within their delivery plans and measurement methodologies details of data sources for both financial and qualitative data, which are auditable.

6.28 An initial audit report by PWC has demonstrated robust efficiency reporting, measurement and data sources by the RDAs and included recommendations for improvement by the Research Councils, which were largely addressed through the publication and implementation of the Research Councils' efficiency measurement methodology by RCUK (available at the RCUK website[111]). A further audit report by PWC is due to be finalised in May 2006.

Performance in 2005-06

6.29 Overall the programme is ahead of trajectory in all its main target areas. Figure 6.4 below summarises the Department's detailed efficiency delivery position.

110 http://www.dti.gov.uk/efficiency_technicalnote.html
111 http://www.rcuk.ac.uk/efficiencydelivery/

Figure 6.4 Efficiency – Targets and Delivery

SR04 Efficiency Work stream[112]	Q3 actual delivery (year one)		Q4 actual delivery (year one)		2005-06 year end target		2006-07 year end target		SR04 Overall target	
Workforce targets										
Staff reductions[113]	868		1,062		830		1,010		1,010	
Agency reductions	90		167		46		168		270	
Relocations	194		251		85		85		685	
Financial efficiency gains	**N/C**	**C**	**N/C**	**C**	**N/C**	**C**	**N/C**	**C**	**N/C**	**C**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Staff reductions	0.00	14.50	0.00	33.71	0.00	19.00	0.00	28.24	0.00	39.25
Internal Operations	0.00	13.53	4.25	11.85	4.72	11.23	11.62	13.59	20.29	13.96
Value for money in programme spend	0.00	1.90	0.00	1.92	0.00	1.98	6.21	18.11	12.40	20.10
Business Support (inc SFIE)	0.00	16.15	0.00	27.50	0.00	18.55	0.00	34.20	0.00	41.35
Science (Research Councils)	27.63	28.61	26.31	50.58	21.00	40.50	48.64	77.50	79.79	115.38
Nuclear Decommissioning Authority	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.68	0.00	13.72
RDAs (total)[114]	18.31	15.76	23.07	24.15	15.65	17.30	41.93	41.94	73.59	73.59
RDAs (DTI)	2.32	2.00	2.92	3.06	1.98	2.19	5.30	9.16	8.80	14.08
Trading Funds (Companies House and Patent Office)	1.80	0.00	2.40	0.00	2.40	0.00	6.85	0.00	10.55	0.00
Other Agencies and NDPBs	0.29	1.35	4.54	2.22	0.39	2.38	6.19	5.51	7.22	9.76
Exceptional items[115]	0.24	12.91	0.24	12.91	N/a	N/a	N/a	N/a	N/a	N/a
Total (DTI)[116]	**32.28**	**90.95**	**40.66**	**143.75**	**30.49**	**95.83**	**84.81**	**192.99**	**139.05**	**267.61**

6.30 By April 2006 the Department had delivered around £180million[109] worth of efficiency gains, of which £144million is cashable, releasing funds for investment in priority programmes. The Department has reduced the number of posts in its HQ and Government Offices by 1,062, exceeding the overall target of 1010 by March 2008. The Department has also reduced staff numbers in its Agencies and NDPBs by 167, against an overall target of 270 to be achieved by March 2008.

6.31 The Department has relocated 251 posts outside London and the South East, to Billingham, Cardiff, Cumbria, Sheffield, Belfast, Manchester and Newport against a target of 685 to be achieved by March 2010 (and exceeding the target of 85 set for the 2004 Spending Review period). Plans are in place to move additional posts to those locations detailed above as part of the second tranche of work as well as relocation of posts to Glasgow and Swindon.

112 In line with existing reporting mechanisms, RDAs report delivery a Quarter behind actual delivery and Quarter 2 actual delivery is therefore reported here for the RDAs work stream in the Quarter 3 delivery column; and Quarter 3 targets and actual delivery are reported in the Quarter 4 delivery and end-year target columns. All other work streams are reported as correct for the corresponding Quarter.

113 Staff reductions reported here include 80 in Government Offices and 788 in Q3 and then 982 in Q4 in DTI HQ.

114 DTI is the lead sponsor Department for the RDAs and as such has overall responsibility for the achievement of its efficiency delivery gains. All Departments that contribute to the RDA Single Pot claim from the total savings achieved on a pro rata basis. The Department has therefore presented above both the total savings and DTI's share of those total savings.

115 Exceptional items include efficiency gains that have been achieved, which were not part of the original targets but score against Gershon efficiency criteria and provide contingency for the Programme. The figure here relates to procurement savings reported to OGC in 2004/05 as part of our central procurement return, which have been maintained and not reported elsewhere.

116 The total represents DTI savings only, including DTI's share of RDA savings. The full RDA savings also presented in the table are for information only, and are excluded from the total.

6.32 The Department has continued to implement its new business model to enable it to operate more effective and efficient ways of working. Flexible use of office space has been extended, enabled by the Department's London property strategy and staff reductions. Overall the Department's estate has been reduced by 30% and cost effective exits on all surplus space were secured.

6.33 The Department has built on its core efficiency projects – the Project Pool and Response Centre. The Project Pool now runs as a Departmental management unit with annual Gateways to assess project bids and allocate resource to the Department's priority areas helping reduce the need to employ external consultants. The Response Centre is established as the first point of contact for handling external queries and correspondence, reducing the burden on policy officials.

6.34 By working more flexibly, prioritising projects and focusing on customer benefits, the Department has maintained or improved delivery of its main business objectives while operating at constant or reduced budget levels.

6.35 By focusing resource on better business support products, reducing spend on older legacy schemes and applying new productivity criteria to give a better deal to customers the Department has delivered some £27.5million in efficiency gains.

6.36 The Department has prioritised funding of Science and Engineering more effectively and reduced back office Research Council spend to generate efficiency gains of over £76million for regeneration within scientific research.

6.37 The Launch of the NDA, has introduced annual efficiency gains targets of 4% during 2005-06 in advance of the introduction of the PSA target of 2% efficiency gains from 2006-07. The NDA identifies efficiencies by comparing actual progress on site against the planned programme of budgeted work for that site (known as the Near Term Work Plan). Actual gains achieved will be confirmed at the end of the financial year and reported in the Autumn Performance Report.

6.38 The Implementation of more cost-effective back office functions within the RDAs has released efficiency gains for recycling to key regional programmes, streamlined programme delivery within regions and achieved better delivery of key outputs while operating programmes at constant budget levels to achieve efficiency gains of some £6million against the Department's budgets (some £47million across all Government Department budgets).

6.39 The Department has reduced running costs within its agencies and NDPBs, which has delivered efficiency gains of around £3million. Companies House is on track to complete roll out of its electronic filing system over 2006-07 and The Insolvency Service has reduced the cost of enforcement activity.

Plans for 2006-07

During 2006-07 the Department and its delivery partners will continue to implement the main work streams within its Efficiency Delivery Programme as set out in its technical note. In particular it will:

- Aim to maintain reduced staff levels within the core Department and deliver further staff reductions within its agencies and NDPBs.
- Further improve the effectiveness of the Department's Response Centre through staff skills development supported by better business processes and technology.
- Begin to deliver efficiency gains of at least 2% through effective contract management by the NDA.
- Seek to further embed efficiency delivery across all areas of its business to ensure that efficiency gains continue to be made against the overall £380million target.

Annex A

Core Tables

A1 Total Public Spending

A2 Resource Budget

A3 Capitol Budget

A4 Capitol Employed

A5 Administration Costs

A6 Staff Numbers

A7 Total Spend by Country/Region

A8 Total Spend per head by county/Region

A9 Spend on Function/Programme by County/Region for 2004-05

Annex A1
Total Public Spending

Table 1 Total Public Spending for the Department of Trade and Industry

(£000's)	2000-01 Outturn	2001-02 Outturn	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Estimated Outturn	2006-07 Plans	2007-08 Plans
Consumption of resources:								
Increasing UK Competitiveness	4,560,447	4,101,156	5,082,086	2,983,204	1,496,206	3,433,534	2,739,140	2,787,702
Increasing Scientific Excellence	1,468,721	1,583,754	1,650,722	1,743,797	2,033,491	2,480,948	2,551,715	2,294,585
UKAEA Pension Funds	247,282	200,922	211,691	237,152	246,086	274,044	207,198	214,687
Unallocated Provision							47,703	498,734
Total resource budget	**6,276,450**	**5,885,832**	**6,944,499**	**4,919,153**	**3,775,783**	**6,188,526**	**5,545,756**	**5,795,708**
Of which:								
Resource DEL	5,453,878	4,696,760	3,308,878	3,459,051	4,121,200	5,229,088	5,416,125	5,642,230
Capital spending:								
Increasing UK Competitiveness	108,429	289,607	-127,097	72,801	407,691	557,866	261,180	304,180
Increasing Scientific Excellence	191,981	299,830	413,917	561,374	573,810	779,887	611,532	593,646
Unallocated Provision	–	–	–	–	–	–	74,578	114,471
Total capital budget	300,410	589,437	286,820	634,175	981,501	1,337,753	947,290	1,012,297
Of which:								
Capital DeI	300,410	589,437	698,822	975,175	789,501	1,246,034	1,184,290	1,142,297
Total public spending (1)	**6,576,860**	**6,475,269**	**7,231,319**	**5,553,328**	**4,757,284**	**7,526,279**	**6,493,046**	**6,808,005**

(1) Total public spending calculated as the total of the resource budget plus the capital budget, less depreciation

Spending by local authorities on functions relevant to the department

Current spending	**215,977**	**233,181**	**247,668**	**277,739**	**288,476**	**–**	**–**	**–**
Of which:								
financed by grants from budgets above	15,041	200,216	162,789	157,023	180,258	190,189	–	–
Capital spending	**763**	**547**	**825**	**1,128**	**-496**	**–**	**–**	**–**
Of which:								
finance by grants from budgets above	32,543	180,441	215,859	193,244	183,617	212,116	–	–

Annex A2
Resource Budget

Table 2 Capital budget for the Department of Trade and Industry

£000s	2000-01 Outturn	2001-02 Outturn	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Estimated Outturn	2006-07 Plans	2007-08 Plans
Non-Science	**4,560,447**	**4,101,156**	**5,082,086**	**2,938,204**	**1,496,206**	**3,433,534**	**2,739,140**	**2,787,702**
Of Which:								
Knowledge Transferand Innovation	135,961	147,175	173,266	58,591	242,606	192,722	240,915	296,459
Extending Competitive Markets	43,833	30,721	70,898	105,668	116,881	100,618	83,976	99,076
Security of Energy Supply	156,209	10,343	-1,157	8,498	7,176	4,053	3,107	4,330
Sustainability and the Environment	16,490	20,212	23,147	27,244	33,058	26,055	27,015	27,015
Enterprise Growth and Business Investment	402,321	451,799	477,573	407,046	288,337	160,499	178,670	175,649
Regional Economies	111,332	199,201	224,844	182,748	241,624	585,324	466,723	487,872
Trade and Investment	27,145	31,058	32,071	35,199	34,333	32,259	33,718	32,718
Maximising Potential in the Workplace	63,825	62,344	75,628	96,461	115,423	202,330	126,247	125,819
Corporate Activity and Insolvency Framework	196,034	236,653	312,896	261,315	196,140	325,364	300,334	314,304
Assets and Liabilities	3,149,383	2,582,219	3,398,352	1,395,750	-113,929	1,460,758	942,008	894,197
Nuclear Security and Export Control	15,944	30,958	29,410	60,579	54,572	68,925	50,601	52,910
Activities in Support of all Objectives	241,970	298,473	265,158	299,105	279,985	274,627	285,826	277,353
Science								
Of which:								
Expenditure of Research Councils	1,396,686	1,495,375	1,544,542	1,645,265	1,865,848	2,173,888	2,388,996	2,160,045
Departmental Science programmes	72,035	88,379	106,180	98,532	167,643	307,060	162,719	134,540
Unallocated Provision	**–**	**–**	**–**	**–**	**–**	**–**	**47,703**	**498,734**
Of which:								
Increasing UK Competitiveness	–	–	–	–	–	–	–	–
Increasing Scientific Excellence in the UK	–	–	–	–	–	–	47,703	498,734
UKAEA pension schemes	**247,282**	**200,922**	**211,691**	**237,152**	**246,086**	**274,044**	**207,198**	**214,687**
Of which:								
UKAEA pension schemes	247,282	200,922	211,691	237,152	246,086	274,044	207,198	214,687
Total resource budget	**6,276,450**	**5,885,832**	**6,944,499**	**4,919,153**	**3,775,783**	**6,188,526**	**5,545,756**	**5,795,708**

Annex A3
Capital Budget

Table 3 Capital budget for the Department of Trade and Industry

£000s	2000-01 Outturn	2001-02 Outturn	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Estimated Outturn	2006-07 Plans	2007-08 Plans
Non-Science	**108,429**	**289,607**	**-127,097**	**72,801**	**407,691**	**557,866**	**261,180**	**304,180**
Of Which:								
Knowledge Transfer and Innovation	4,138	18,787	12,780	-4,504	-14,065	1,253	28,175	15,175
Extending Competitive Markets	16,393	14,719	20,575	63,550	-11,508	-16,763	900	900
Security of Energy Supply		4,160	983	644	29,307	9,266	–	–
Sustainability and the Environment	52,110	76,330	4,202	5,029	24,455	34,561	81,000	68,000
Enterprise Growth and Business Investment	-75,995	16,487	142,329	343,125	39,487	-140,606	-99,300	-93,300
Regional Economies	123,823	143,864	86,692	-2,708	105,631	254,743	142,000	132,000
Trade and Investment	–	350	–	-88	-130	-22	–	–
Maximising Potential in the Workplace	–	–	2,758	2,652	2,034	2,473	1,150	1,150
Corporate Activity and Insolvency Framework	-385	-385	-385	-1,589	292	76	-285	-285
Assets and Liabilities	-3,907	3,399	-401,407	-346,480	213,690	395,462	99,800	172,800
Nuclear Security and Export Control	–	–	–	–	–	–	790	790
Activities in Support of all Objectives	-7,748	11,896	4,376	13,170	18,498	17,423	6,950	6,950
Science	**191,981**	**299,830**	**413,917**	**561,374**	**573,810**	**779,887**	**611,532**	**593,646**
Of Which:								
Expenditure of Research Councils	151,328	192,022	223,515	255,415	342,951	409,608	311,532	293,497
Departmental Science programmes	40,653	107,808	190,402	305,959	230,859	370,279	300,000	300,149
Unallocated Provision	**–**	**–**	**–**	**–**	**–**	**–**	**74,578**	**114,471**
Of Which:								
Increasing UK Competitiveness	–	–	–	–	–	–	14,164	13,164
Increasing Scientific Excellence in the UK	–	–	–	–	–	–	60,414	101,307
Total Capital Budget	**300,410**	**589,437**	**286,820**	**634,175**	**981,501**	**1,337,753**	**947,290**	**1,012,297**

Annex A4
Capital Employed[117]

Table 4 Capital Employed

£ 000s Assets on balance sheet at end of year:	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Forecast	2006-07 Projected	2007-08 Projected
Fixed Assets						
Intangible	0	747	698	600	15	15
Tangible	146,304	147,314	176,630	165,976	170,880	176,771
of which:						
Land and Buildings	101,492	120,711	138,830	148,905	156,225	162,740
Transport Equipment	1,616	15	7	0	0	0
Plant and Machinery	14,681	1,748	1,643	825	2,387	6,427
Information Technology	16,197	3,612	3,425	2,400	1,681	1,561
Furniture and Fittings	10,050	9,802	8,126	3,271	1,412	968
Assets under Construction	2,268	11,426	24,599	10,575	9,175	5,075
Investments	3,571,666	4,030,209	3,682,323	4,271,373	4,376,106	4,461,365
Current Assets	2,011,012	2,290,486	2,815,591	1,651,738	1,452,872	1,346,340
Creditors <1 year	-952,023	-881,707	-977,045	-1,055,209	-1,160,729	-1,276,802
Creditors >1 year	-601,811	-601,111	-574,159	-548,322	-523,647	-500,083
Provisions	14,219,813	-18,917,240	-17,838,964	-17,935,804	-16,925,824	-15,395,013
Capital employed within main Department	**-10,044,665**	**-13,931,302**	**-12,714,926**	**-13,449,648**	**-12,610,327**	**-11,187,407**
NDPB net assets	1,759,000	2,120,050	2,123,113	2,186,806	2,252,411	2,319,983
Total Capital employed in Departmental group	**-8,285,665**	**-11,811,252**	**-10,591,813**	**-11,262,842**	**-10,357,916**	**-8,867,424**

117 (For 2000-01 and 2001-02 outturn figures please see the 2005 DTI Departmental Report)

Annex A5
Administration Costs

Table 5 Administration Costs

£ million	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
Gross administration costs								
Pay bill	220	180	224	202	192	170	176	171
Other	239	268	274	314	202	232	206	201
Total gross administration costs	**459**	**448**	**498**	**516**	**394**	**402**	**381**	**371**
Related administration cost receipts	-121	-133	-146	-126	-19	-10	-19	-19
Total net administration costs	**338**	**315**	**352**	**390**	**374**	**392**	**363**	**352**
Analysis by activity:								
Knowledge Transfer and Innovation	2	0	2	0	4	0	7	7
Extending Competitive Markets	5	6	7	27	0	0	0	0
Trade and Investment	27	31	32	35	34	36	34	33
Maximising Potential in the Workplace	51	24	26	27	27	28	28	28
Corporate Activity and Insolvency Framework	11	15	15	3	0	2	2	2
Activities in Support of all (non-science) objectives	233	226	256	281	292	312	283	274
Increasing Scientific Excellence	9	12	14	17	17	13	9	9
Total net administration costs	**338**	**315**	**352**	**390**	**374**	**392**	**363**	**352**

Annex A6
Staff Numbers[118]

Table 6 Staff Numbers

	2004-05 Actual	2005-06 Estimated Outturn	2006-07 Plans	2007-08 Plans	2008-09 Plans
Department of Trade and Industry (DTI)[119] (Gross Control Area)					
CS FTEs[120]	3781.0	3308.0	3211.0	3202.0	3202.0
Overtime	23.5	21.0	21.0	21.0	21.0
Casuals[121]	42.0	19.0	20.0	20.0	20.0
Non-permanent	377.0	195.0	130.0	130.0	130.0
Total	**4223.5**	**3543.0**	**3382.0**	**3373.0**	**3373.0**
Small Business Service (Gross Control Area)					
CS FTEs[see footnote 120]	226.0	180.0	170.0	170.0	170.0
Overtime	1.0	1.0	1.0	1.0	1.0
Casuals[see footnote 121]	0.0	0.0	0.0	0.0	0.0
Non-permanent	92.0	62.0	30.0	30.0	30.0
Total	**319.0**	**243.0**	**201.0**	**201.0**	**201.0**
UK Trade & Investment[119] (Gross Control Area)					
CS FTEs[see footnote 120]	635.0	550.0	478.0	478.0	478.0
Overtime	10.0	5.0	5.0	5.0	5.0
Casuals[see footnote 121]	1.0	1.0	0.0	0.0	0.0
Non-permanent	92.0	63.0	60.0	60.0	60.0
Total	**319.0**	**243.0**	**201.0**	**201.0**	**201.0**
Employment Tribunals Service[123] (Gross Control Area)					
CS FTEs	738	769	703		
Overtime	4	4	4		
Casuals	10	12	0		
Total	**732**	**775**	**707**		
The Insolvency Service (Net Control Area)[124]					
CS FTEs	1598.3	1732.1	2045.3	2382.1	2501.4
Overtime	3	1	1	1	1
Casuals	33.2	31.5	26.6	26.6	26.6
Non-permanent[125]	Not available	345.3	296.8	296.8	296.8
Total	**1634.5**	**2109.9**	**2369.7**	**2706.5**	**2825.8**
National Weights and Measures Laboratory (Net Control Area)					
CS FTEs	49.0	49.0	48.0	46.0	45.0
Overtime	0.0	0.0	0.0	0.0	0.0
Casuals	1.0	1.0	0.0	0.0	0.0
Total	**319.0**	**243.0**	**201.0**	**201.0**	**201.0**

	2004-05 Actual	2005-06 Estimated Outturn	2006-07 Plans	2007-08 Plans	2008-09 Plans
Advisory, Conciliation and Arbitration Service (Gross Control Area)					
CS FTEs	910	845	788	785	785
Overtime	2	2	2	2	2
Casuals	18	35	5	5	5
Total	**930**	**882**	**795**	**792**	**792**
Companies House (Trading Fund)					
CS FTEs	1189	1147	986	970	921
Overtime	17.5	20.5	14.5	14.5	14.5
Casuals	0	0	0	0	0
Total	**1206.5**	**1167.5**	**1000.5**	**984.5**	**935.5**
The Patent Office					
CS FTEs	985.14	945.08	925.52	917.70	906.36
Overtime	10.34	10.93	10.23	10.23	10.23
Casuals	0.00	0.00	0.00	0.00	0.00
	10.58	10.50	4.00	4.00	4.00
Total	**1,006.06**	**966.51**	**939.75**	**931.93**	**920.59**

118 All figures shown are an average taken across the financial year. With regard to the SR04 headcount reduction the Department's baseline is the 1 April 2004 baseline and not the average workforce for the 2004-05 period.

119 The figures for the Department include staff working in core DTI, the Office for Manpower Economics (OME) and Government Office staff working on DTI and SBS activities.

120 CS FTEs refers to FTE staff in permanent civil service posts.

121 Casuals refers only to those temporary staff whose records are handled by the HR Operations pay and record team.

122 UKTI's commitment to the Department is to reduce by 200 posts over the SR04 period. The figures in the table above should be treated as indicative.

123 The Employment Tribunals Service will move to the Department of Constitutional Affairs in April 2006.

124 Figures for 2006-07 onwards include CIB staff and are based on the assumption of rising case numbers.

125 Non-permanent staff were not tracked separately until the financial year 2005-06 upon the implementation of SR04.

Annex A7
Total Spend by Country/Region

Table 7 Department of Trade and Industry's identifiable expenditure on services, by country and region

£million	2000-01 Outturn	2001-02 Outturn	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Estimated Outturn	2006-07 Plans	2007-08 Plans
North East	139.5	184.9	213.9	360.3	306.2	384.7	350.8	293.9
North West	806.4	845.9	838.4	827.2	1006.3	1065.8	1271.3	1254.4
Yorkshire and Humberside	271.9	340.5	414.9	527.5	521.5	621.6	569.1	488.2
East Midlands	205.5	239.8	282.9	287.6	324.7	385.1	371.1	329.0
West Midlands	236.5	226.2	258.6	335.2	361.7	416.6	383.9	349.9
South West	274.9	275.1	299.6	339.6	349.6	395.5	363.2	353.6
Eastern	365.8	370.5	454.0	396.0	449.2	532.1	460.3	458.6
London	408.2	369.2	428.0	567.6	543.6	693.8	566.7	561.7
South East	505.5	497.0	672.0	667.5	748.0	1007.5	983.2	948.5
Total England	**3214.2**	**3349.1**	**3862.1**	**4308.5**	**4610.9**	**5502.6**	**5319.6**	**5037.7**
Scotland	366.0	393.6	437.2	527.4	534.0	893.1	927.8	851.6
Wales	148.6	175.0	201.4	243.7	213.2	258.5	230.3	186.9
Northern Ireland	33.1	27.0	30.5	31.7	33.2	41.5	34.9	34.8
Total UK identifiable expenditure	**3762.0**	**3944.7**	**4531.2**	**5111.3**	**5391.3**	**6695.6**	**6512.7**	**6111.1**
Outside UK	210.7	222.9	241.1	297.1	341.3	323.9	289.9	290.2
Total identifiable expenditure	**3972.7**	**4167.6**	**4772.4**	**5408.4**	**5732.6**	**7019.5**	**6802.6**	**6401.2**
Non-identifiable expenditure	784.1	839.1	917.5	1125.0	1216.7	1252.8	1603.7	1890.9
Total expenditure on services	**4756.8**	**5006.8**	**5689.8**	**6533.5**	**6949.3**	**8272.3**	**8406.2**	**8292.2**

Annex A8
Total Spend per Head by Country/Region

Table 8 Department of Trade and Industry's identifiable expenditure on services, by country and region per head

£s per head	2000-01 Outturn	2001-02 Outturn	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Estimated Outturn	2006-07 Plans	2007-08 Plans
North East	54.8	72.8	84.3	141.9	120.3	151.9	138.7	116.3
North West	119.0	124.9	123.6	121.6	147.4	156.3	186.1	183.4
Yorkshire and Humberside	54.8	68.4	83.1	105.3	103.5	123.4	112.7	96.4
East Midlands	49.3	57.2	67.0	67.6	75.9	89.6	85.9	75.8
West Midlands	44.9	42.8	48.8	63.0	67.8	78.0	71.7	65.2
South West	55.9	55.6	60.3	67.9	69.4	78.1	71.3	68.9
Eastern	68.1	68.6	83.7	72.5	81.8	96.1	82.6	81.8
London	56.4	50.4	58.1	76.8	73.2	92.8	75.3	74.2
South East	63.3	61.9	83.5	82.6	92.2	123.4	119.8	114.9
Total England	**65.3**	**67.7**	**77.8**	**86.4**	**92.0**	**109.5**	**105.4**	**99.4**
Scotland	72.3	77.7	86.5	104.3	105.1	176.2	183.1	168.2
Wales	51.1	60.1	68.9	83.0	72.2	87.0	77.3	62.6
Northern Ireland	19.7	16.0	18.0	18.6	19.4	24.2	20.3	20.2
Total UK identifiable expenditure	**63.9**	**66.7**	**76.4**	**85.8**	**90.1**	**111.5**	**108.1**	**101.0**

Annex A9

Spend on Function/Programme by Country/Region for 2004-05

Table 9 — Department of Trade and Industry's identifiable expenditure on services, by function, country and region

£ million	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	South West	Eastern	London	South East	England	Scotland	Wales	N Ireland	UK identifiable expenditure	Outside UK	Total identifiable expenditure	Not identifiable	Totals
Department of Trade and Industry																		
General public services																		
Public and Common Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.2	3.2	3.4
Total General Public Services	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.2**	**0.2**	**3.2**	**3.4**
International Services																		
International Development Assistance	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.7	1.7	0.0	1.7
Other International Services	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	50.9	50.9	3.1	54.0
Total International Services	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**52.6**	**52.6**	**3.1**	**55.7**
Enterprise and Economic Development																		
Economic development and trade	2.5	7.4	5.5	4.8	6.0	5.7	6.5	13.5	10.9	62.8	6.0	2.8	0.0	71.7	5.7	77.4	402.0	479.3
Regional policy	67.2	114.8	84.5	28.2	63.7	34.2	18.0	11.1	16.9	438.5	0.0	0.0	0.0	438.5	0.0	438.5	0.2	438.8
Support for business	175.6	597.8	289.9	163.0	177.2	167.0	110.7	135.2	278.3	2094.5	168.6	148.5	20.8	2432.4	24.6	2456.9	0.0	2456.9
Total enterprise and economic development	**245.2**	**720.1**	**379.9**	**196.0**	**246.8**	**206.9**	**135.2**	**159.8**	**306.0**	**2595.9**	**174.6**	**151.3**	**20.8**	**2942.6**	**30.3**	**2972.8**	**402.2**	**3375.0**
Science and Technology																		
Science and technology	37.6	111.8	96.6	73.6	66.6	57.4	217.2	267.4	220.0	1148.1	139.8	36.3	10.8	1335.0	198.3	1533.3	451.9	1985.2
Total science and technology	**37.6**	**111.8**	**96.6**	**73.6**	**66.6**	**57.4**	**217.2**	**267.4**	**220.0**	**1148.1**	**139.8**	**36.3**	**10.8**	**1335.0**	**198.3**	**1533.3**	**451.9**	**1985.2**
Employment Policies																		
Employment policies	3.5	10.5	7.7	6.8	8.4	8.1	9.2	19.0	15.2	88.3	8.4	4.0	0.0	100.7	0.0	100.7	0.0	100.7
Total employment policies	**3.5**	**10.5**	**7.7**	**6.8**	**8.4**	**8.1**	**9.2**	**19.0**	**15.2**	**88.3**	**8.4**	**4.0**	**0.0**	**100.7**	**0.0**	**100.7**	**0.0**	**100.7**
Agriculture fisheries and forestry																		
Other agriculture food fisheries policy	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.3	0.2	1.3	0.1	0.1	0.0	1.5	0.0	1.5	0.0	1.5
Total Agriculture fisheries and forestry	**0.1**	**0.2**	**0.1**	**0.1**	**0.1**	**0.1**	**0.1**	**0.3**	**0.2**	**1.3**	**0.1**	**0.1**	**0.0**	**1.5**	**0.0**	**1.5**	**0.0**	**1.5**

Table 9 Department of Trade and Industry's identifiable expenditure on services, by function, country and region *(continued)*

£ million	North East	North West	Yorkshire and Humberside	East Midlands	West Midlands	South West	Eastern	London	South East	England	Scotland	Wales	N Ireland	UK identifiable expenditure	Outside UK	Total identifiable expenditure	Not identifiable	**Totals**
Environment protection																		
Environmental protection	5.5	71.9	5.7	4.5	5.2	26.1	1.2	2.6	98.2	220.9	151.6	5.2	0.3	378.0	0.0	378.0	0.0	378.0
Environmental research	2.0	7.1	4.0	14.1	1.0	8.1	27.3	4.0	19.2	86.9	10.1	4.0	0.0	101.0	48.5	149.5	153.3	302.8
Total environment protection	**7.5**	**79.0**	**9.7**	**18.6**	**6.2**	**34.2**	**28.5**	**6.6**	**117.4**	**307.7**	**161.7**	**9.3**	**0.3**	**479.0**	**48.5**	**527.5**	**153.3**	**680.8**
Health																		
Health research	2.0	11.8	2.0	7.9	4.1	4.1	39.4	65.0	29.5	165.7	19.7	2.0	0.0	187.4	9.5	196.8	199.2	396.0
Total health	**2.0**	**11.8**	**2.0**	**7.9**	**4.1**	**4.1**	**39.4**	**65.0**	**29.5**	**165.7**	**19.7**	**2.0**	**0.0**	**187.4**	**9.5**	**196.8**	**199.2**	**396.0**
Recreation culture and religion																		
Broadcasting	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.8	3.8
Heritage, arts, libraries and films	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Recreation culture and religion	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**3.8**	**3.8**
Social Protection																		
Family benefits, income support and tax credits	1.3	3.9	2.9	2.5	3.1	3.0	3.4	7.1	5.7	33.1	3.2	1.5	0.0	37.8	0.0	37.8	0.0	37.8
Public sector occupational pensions	0.5	47.9	0.8	0.7	2.7	24.1	2.7	0.4	31.2	111.0	8.3	1.5	0.1	120.8	2.0	122.8	0.0	122.8
Unemployment benefits	8.6	21.3	21.8	18.5	23.6	11.6	13.6	18.0	22.7	159.7	18.2	7.3	1.2	186.4	0.0	186.4	0.0	186.4
Total Social Protection	**10.4**	**73.0**	**25.5**	**21.7**	**29.5**	**38.7**	**19.7**	**25.6**	**59.6**	**303.8**	**29.6**	**10.3**	**1.3**	**345.0**	**2.0**	**347.0**	**0.0**	**347.0**
Total for Department of Trade and Industry	**306.2**	**1006.3**	**521.5**	**324.7**	**361.7**	**349.6**	**449.2**	**543.6**	**748.0**	**4610.9**	**534.0**	**213.2**	**33.2**	**5391.3**	**341.3**	**5732.6**	**1216.7**	**6949.3**

Footnotes/Explanatory Text for Core Tables A7 to A9

- The spending data shown in these tables is consistent with the country and regional analyses (CRA) published by HM Treasury in chapter 7 of Public Expenditure Statistical Analyses (PESA) 2006. PESA contains more tables analysed by country and region, and also explains how the analysis was collected and the basis for allocating expenditure between countries and regions.
- The tables include the spending of the department and its NDPBs on payments to private sector and subsidies to public corporations. They do not include capital finance to public corporations but do include public corporations capital expenditure. They do not include payments to local authorities or local authorities own expenditure.
- The data are based on a subset of spending – identifiable expenditure on services – which is capable of being analysed as being for the benefit of individual countries and regions. Expenditure that is incurred for the benefit of the UK as a whole is excluded.
- The tables do not include depreciation, cost of capital charges or movements in provisions that are in DEL/AME. They do include salaries, procurement expenditure, capital expenditure and grants and subsidies paid to individuals and private sector enterprises.
- The figures were taken from the HM Treasury Public spending database in December 2005 and the regional distributions were completed in January/February 2006. Therefore the tables may not show the latest position and are not consistent with other tables in the Department report.
- Across government, most expenditure is not planned or allocated on a regional basis. Social security payments, for example, are paid to eligible individuals irrespective of where they live. Expenditure on other programmes is allocated by looking at how all the projects across the departments area of responsibility, usually England, compare. So the analysis shows the regional outcome of spending decisions that have on the whole not been made primarily on a regional basis.
- The functional categories used are the standard United Nations Classifications of the Functions of Government (COFOG) categories. This is not the same as the strategic priorities used elsewhere in the report.

Annex B

Supplementary Tables

B1 Resource Estimate Tables

B2 Statement of Contingent or Nominal Liabilities

B3 Research Councils Grant in Aid

B4 Research Councils Long Term Projects

B5 Non-Departmental Public Bodies

B6 Senior Civil Service Salaries

B7 DTI Public Appointments

Annex B1

Resource Estimate Tables

including Appropriations in Aid and Consolidated Fund Extra Receipts

Table B1 Department of Trade and Industry Request for Resources 1: Increasing UK Competitiveness

All in £000s

2004-05 Outturn	2005-06 Total Provision		2006-07 Provisions
		Spending in Departmental Expenditure Limits (DEL)	
		Central Government's own expenditure:	
		Function A: Knowledge Transfer and Innovation	
253,902	**302,044**	**A1 Innovation in Support of Knowledge Transfer**	**209,503**
38,569	44,457	(1) Space	32,957
8,363	33,557	Domestic Civil Space Technology	22,057
30,206	10,900	European Space Agency: UK Contribution	10,900
215,333	257,587	(2) Other	73,246
		(3) Technology Strategy – current	82,300
		(4) Technology Strategy – capital grants	21,000
4,365	**1,955**	**A2 Patent Office**	**1,955**
4,365	1,955	Cost of Capital	1,955
15,948	**7,410**	**A3 Research Establishments Major Building Works**	**7,110**
3,231	**729**	**A4 National Weights and Measures Laboratory Executive Agency**	**729**
2,904	498	(1) Administration costs	498
327	231	(2) Capital expenditure on scientific and computer equipment, office machinery, fixtures and fittings	231
4,661	**33,661**	**A5 Non-cash expenditure associated with the above programmes**	**52,469**
321	214	(1) National Weights and Measures Laboratory Executive Agency	214
4,340	33,447	(2) Other	52,255
282,107	**345,799**	**Gross total**	**271,766**
		Less	
49,510	**56,471**	**AZ Appropriations in Aid**	**721**
15,854	**15,807**	**AZ01 Innovation**	**57**
27	11,557	(1) Space	57
15,827	4,250	(2) Other Receipts – Innovation	
30,166	**40,166**	**AZ02 Patent Office**	**166**
30,000	40,000	(1) Withdrawal from reserves	
166	166	(2) Repayment of principal of long term loans	166
		AZ03 National Weights and Measures Laboratory Executive Agency	
3,490	498	Receipts from DTI:	498
3,316	498	National Weights & Measures: Allowable administration cost receipts	498
174		National Weights & Measures: Allowable capital receipts	
232,597	**289,328**	**Net Total**	**271,045**
		Function B: Extending Competitive Markets	
83,654	**57,960**	**B1 Consumer Protection**	**47,798**
24	169	(1) National Industry Consumer Councils	169
17,784	19,700	(2) Citizens' Advice	19,700
65,846	38,091	(3) Miscellaneous Consumer Protection	27,929

All in £000s

2004-05 Outturn	2005-06 Total Provision		2006-07 Provisions
4,779	**6,827**	**B2 Trade Policy and Related Subscriptions**	**7,247**
289	3,049	(1) Trade Policy, including Joint Commissions, publicity, promotion, tariff suspensions, OECD Steel Subscription	3,049
4,490	3,778	(2) Subscription to the World Trade Organisation	4,198
94,686	**85,193**	**B3 Office of Communications (Ofcom)**	**73,310**
92,939	84,638	(1) Grant to Ofcom	72,755
449		(2) Capital expenditure	
1,298	555	(3) Cost of Capital	555
		(4) Support for establishment of Ofcom	
3,765	**7,880**	**B4 Spectrum Efficiency Scheme**	**5,000**
3,765	7,880	Spectrum Efficiency Scheme expenditure	5,000
186,884	**157,860**	**Gross Total**	**133,355**
		less	
120,693	**120,161**	**BZ Appropriations in Aid**	**87,241**
0	**109**	**BZ01 Consumer Protection**	**0**
0	109	Receipts in respect of legal costs and fees paid to Treasury Solicitors	0
11,566	**9,169**	**BZ02 Consumer Council for Postal Services (POSTCOMM)**	**9,486**
11,566	9,169	Receipts from Consumer Council Licence Fees	9,486
105,362	**103,003**	**BZ03 Office of Communications (Ofcom)**	**72,755**
87,552	85,193	(1) Receipts from fees and services to other Government Departments and the private sector	72,755
17,810	17,810	(2) Repayment of loan for establishment of Ofcom	
3,765	**7,880**	**BZ04 Spectrum Efficiency Scheme**	**5,000**
3,765	7,880	Spectrum Efficiency Scheme receipts	5,000
66,191	**37,699**	**Net total**	**46,114**
		Function C: Security of Energy Supply	
7,108	**6,117**	**C1 Non-Nuclear Expenditure of a Regulatory Nature**	**3,227**
5,643	4,871	(1) Regulation of the offshore oil and gas industries	1,981
37	37	(2) Gas and Electricity Consumer Council (Energywatch) pensions	37
100	100	(3) Public inquiries	100
1,068	849	(4) Subscription to the International Energy Agency	849
260	260	(5) Contribution to the European Energy Charter	260
29,307	**23,890**	**C2 Assistance to the Coal Industry**	**0**
29,307	23,890	Investment aid to the Coal industry	0
3	**0**	**C3 Coal Operating Subsidy**	**0**
-13		(1) Cost of capital charges	
16		(2) Additional provision and revaluation of existing provision	
36,418	**30,007**	**Gross Total**	**3,227**

All in £000s

2004-05 Outturn	2005-06 Total Provision		2006-07 Provisions
		less	
13,417	**13,220**	**CZ Appropriations in Aid**	**11,420**
13,417	**13,220**	**CZ01 Non-Nuclear Expenditure of a Regulatory Nature**	**11,420**
1,141	120	(1) Receipts arising from public inquiries under the Electricity Act, Offshore Geology programme, and Chemicals Notification Scheme	
12,276	13,100	(2) Receipts from Gas and Electricity Consumer Council (Energywatch) Licence Fees	11,420
0	**0**	**CZ02 Coal Operating Subsidy**	**0**
0		Recoveries of overpayments in connection with the Coal Operating Subsidy	0
23,001	**16,787**	**Net Total**	**-8,193**
		Function D: Sustainability and the Environment	27,725
55,604	**61,785**	**D1 Non-Nuclear Expenditure Directly Related to the Creation of Open Markets**	**108,725**
23,093	8,395	(1) New and renewable sources of energy	16,335
8,300	8,300	(2) Clean coal technology	8,300
1,700	1,700	(3) Oil and gas competitiveness	1,700
1,390	1,390	(4) Environmental, economic and statistical advice, and other assistance relating to energy programmes and the annual Energy Report	1,390
21,121	32,000	(5) Capital Grants to the Private Sector in relation to renewable energy	52,000
	10,000	(6) Performance and Innovation Fund	
		(7) Microgeneration	25,000
		(8) Smart metering	4,000
55,604	**61,785**	**Gross Total**	**108,725**
		less	
1,425	**710**	**DZ Appropriations in Aid**	**710**
1,425	**710**	**DZ01 Non-Nuclear Expenditure Directly Related to the Creation of Open Markets**	**710**
1,425	710	Receipts in respect of new and renewable sources of energy, clean coal, and oil and gas competitiveness	710
54,179	**61,075**	**Net Total**	**108,015**
3,334	0	Sustainability and the Environment Capital Modernisation Fund	0
3,334	0	Non-Nuclear Expenditure Directly Related to the Creation of Open Markets	0
3,334	0	Renewable Energy – Capital Modernisation Fund	
		Function E: Enterprise Growth and Business Investment	
182,557	**47,517**	**E1 Small Business Service**	**35,517**
170,186	25,017	(1) Other Support for Small Business	19,017
7,500	7,500	(2) Farm Business Advice Service	7,500
	1,000	Business Incubator Development Fund	2,000
4,871	8,000	(3) Gateway, Electronic Regulation Service Projects and UK Science Parks capital grants	
	6,000	(4) MG Rover capital grants support package	7,000
96,750	**64,847**	**E2 Small Business Service Investment**	**69,847**
46,232	27,000	(1) SMART (excluding expenditure in Northern Ireland)	
1,195	14,847	(2) Enterprise Fund – current	17,847
49,323	23,000	(3) Enterprise Fund and Early Growth Fund – capital	52,000
454	**1,207**	**E3 Aerospace Launch Investment**	**1,088**
454	1,207	(1) Aerospace Launch Investment expenditure – current	1,088
		(2) Aerospace Launch Investment expenditure – capital	
71,091	**58,515**	**E4 Innovation in Support of Commercial Best Practice**	**55,885**
844	9,183	(1) Working Capital facility for MG Rover Group and PowerTrain	
70,247	49,332	(2) Other	55,885
113,023	**91,658**	**E5 Non-cash expenditure associated with the above programmes**	**85,447**
113,023	91,658	Cost of capital, depreciation and provisions	85,447
463,875	**263,744**	**Gross Total**	**247,784**

All in £000s 2004-05 Outturn	2005-06 Total Provision		2006-07 Provisions
		less	
57,626	**16,450**	**EZ Appropriations in Aid**	**16,450**
6,518	**7,500**	**EZ01 Small Business Service**	**7,500**
6,518	5,593	(1) Farm Business Advice Service – Receipts from DEFRA	5,593
	1,907	(2) Rural Business Advice Service – Receipts from DEFRA	1,907
18,278	**8,950**	**EZ02 Small Business Service Investment**	**8,950**
12,145	5,730	(1) Small Firms Loan Guarantee Scheme – Premium Receipts	5,730
3,220	3,220	(2) Small Firms Loan Guarantee Scheme – Recoveries	3,220
2,913		(3) SMART external recoveries	
29,730	**0**	**EZ03 Aerospace Launch Investment**	**0**
29,730	0	Launch Investment receipts	0
3,100	**0**	**EZ04 Innovation in Support of Commercial Best Practice**	**0**
3,100	0	Other Receipts – Innovation	
406,249	**247,294**	**Net Total**	**231,334**
		Function F: Regional Economies	
14,428	7,634	F1 University Innovation Centres	1,000
239	990	(1) Current	1,000
14,189	6,644	(2) Capital grants	
39,736	51,298	F2 Regional Selective Assistance	46,250
39,736	51,298	Grants to investment projects which create new jobs or safeguard existing employment in the assisted areas of England and related consultancy	46,250
0	0	F3 Co-financed ERDF and Other Payments	0
		(1) Technology transfer payments	
0	0	(2) Leader Network Projects	0
54,164	**58,932**	**Gross total**	**47,250**
		less:	
1,563,532	**1,630,343**	**FZ Appropriations in Aid**	**1,712,640**
2,929	**250**	**FZ01 Recoveries of Regional Selective Assistance Grants**	**250**
2,929	250	Refund of Section 7 grants	250
1,310,923	**1,255,237**	**FZ02 Receipts from other Government Departments in relation to Regional Development Agencies**	**1,319,703**
414,842	395,477	(1) Current receipts from the Office of the Deputy Prime Minister	407,303
31,034	24,034	(2) Current receipts from Department of Environment, Food and Rural Affairs	56,559
45,310	42,500	(3) Current receipts from Department for Education and Skills	43,500
12,930	13,230	(4) Current receipts from UK Trade and Investment	17,230
	3,600	(5) Current receipts from Department of Culture, Media and Sport	3,600
654,282	468,957	(6) Capital grants receipts from the Office of the Deputy Prime Minister	652,000
22,525	21,525	(7) Capital grants receipts from Department of Environment, Food and Rural Affairs	21,300
130,000	285,914	(8) Capital receipts from the Office of the Deputy Prime Minister	118,211
106,880	**188,070**	**FZ03 Current Receipts from other Government Departments in relation to the London Development Agency**	**202,328**
98,154	179,344	(1) Receipts from Office of the Deputy Prime Minister	202,328
7,581	7,581	(2) Receipts from Department for Education and Skills	0
1,145	1,145	(3) Receipts from UK Trade and Investment	0
142,800	**186,536**	**FZ04 Capital Receipts from other Government Departments in relation to the London Development Agency**	**190,359**
142,800	186,536	Receipts from Office of the Deputy Prime Minister	190,359
0	**250**	**FZ05 ERDF and other receipts**	**0**
	250	(1) EHLASS (European Home Leisure Accident Surveillance Survey)	
-1,509,368	**-1,571,411**	**Net Total**	**-1,665,390**

All in £000s

2004-05 Outturn	2005-06 Total Provision		2006-07 Provisions
		Function G: Trade and Investment	
34,519	**32,957**	**G1 UK Trade and Investment administration**	**33,748**
34,519	32,957	(1) Departmental staff	33,748
101	**382**	**G2 Non-cash expend iture associated with the above programmes**	**382**
101	382	Impairment of Fixed Assets and other minor noncash	382
34,620	**33,339**	**Gross Total**	**34,130**
		less	
417	**412**	**GZ Appropriations in Aid**	**412**
417	**412**	**GZ01 UK Trade and Investment administration**	**412**
287	412	Receipts from other Government Departments	412
130		(2) Capital asset sales	
34,203	**32,927**	**Net total**	**33,718**
		Function H: Trade and Investment	
20,615	**20,122**	**H1 Employment Relations**	**19,755**
8,962	8,923	(1) Programme awareness and support activities	8,556
550	550	(2) Evaluation and Research	550
3,451	3,349	(3) National Minimum Wage and EC Directives including Working time	3349
1,500	1,500	(4) Partnership Training Fund	1,500
500	500	(5) Low Pay Commission	500
5,452	4,400	(6) Work-life balance	4,400
200	900	(7) Women and Equality	900
1,758	48,430	H2 Advisory Conciliation and Arbitration Service (ACAS)	43,652
344	47,280	(1) Programme expenditure	42,502
1,414	1,150	(2) Capital expenditure	1,150
3,346	4,704	H3 External Legal Fees and Office of Manpower Economics Consultancy	4,370
3,258	2,931	(1) Expenditure on external legal fees	2,698
88	1,773	(2) Office of Manpower Economics Consultancy	1,672
1,755	6,910	H4 Non-cash expenditure associated with the above programmes	1,760
1,755	6,910	(1) Advisory Conciliation and Arbitration Service	1,760
27,474	**80,166**	**Gross Total**	**69,537**
		Less	
-43,324	**203**	**HZ Appropriations in Aid**	**203**
38	**0**	**HZ01 Employment Relations**	**0**
38	0	Receipts from other departments	0
-43,834	**0**	**HZ02 Advisory Conciliation and Arbitration Service (ACAS)**	**0**
-43,834		Programme receipts from other departments	
472	**203**	**HZ03 External Legal Fees and Office of Manpower Economics Consultancy**	**203**
472	203	Prosecution and Treasury Solicitors receipts	203
70,798	**79,963**	**Net Total**	**69,334**

All in £000s 2004-05 Outturn	2005-06 Total Provision		2006-07 Provisions
		Function I: Corporate Activity and Insolvency Framework	
10,218	**8,040**	**I1 Investor Protection**	**16,276**
10,218	8,040	Investor Protection programmes	16,276
112,465	**85,308**	**I2 Insolvency Service**	**93,940**
8,853	1,800	(1) Administration Costs of the Insolvency Service	10,582
102,937	83,258	(2) Programme Costs of the Insolvency Service	83,258
781	100	(3) Capital Costs of the Insolvency Service	100
	150	(4) Invest to Save projects	
-106	0	(5) Cost of capital and depreciation	0
1,625	**1,631**	**I3 Companies House**	**1,631**
1,625	1,631	Cost of Capital	1,631
124,308	**94,979**	**Gross Total**	**111,847**
		less:	
112,721	**45,085**	**IZ Appropriations in aid**	**53,976**
515	**0**	**IZ01 Investor Protection**	**109**
515		Receipts in respect of legal costs and fees paid to Treasury Solicitors	109
111,821	**44,700**	**IZ02 Insolvency Service**	**53,482**
8,782	44,700	(1) Administration receipts: fees and costs from bankruptcies	8,782
102,935		(2) Programme receipts: fees and costs from bankruptcies	44,700
104		(3) Capital receipts	
385	385	IZ03 Companies House	385
385	385	Repayment of principal of long term loans	385
11,587	**49,894**	**Net total**	**57,871**
		Function J: Corporate Activity and Insolvency Framework	
65,902	**47,476**	**J1 Non-cash Concessionary Fuel provisions expenditure**	**37,818**
34,823	30,946	(1) Cost of capital charges in respect of Concessionary Fuel and related Liabilities, and associated assets	20,946
31,079	16,530	(2) Additional provision and revaluation of existing provision in respect of Concessionary Fuel and related Liabilities	16,872
21	**77**	**J2 Coal subsidence adviser, statutory arbitration arrangements**	**77**
21	77	Costs of the subsidence adviser and statutory arbitration arrangements	77
4	**0**	**J3 Coal Authority**	**0**
4	0	Consultancy Advice in relation to the Coal Authority	0
31,865	**5,000**	**J4 Nuclear Liabilities Management**	**5,000**
27,365	5,000	(1) Consultancy related to BNFL	5,000
4,500	0	(2) Establishment of Liabilities Management Unit	0
-1,862	**0**	**J5 United Kingdom Atomic Energy Authority**	**-1,500**
-1,862		Cost of Capital credit on property and restructuring liabilities	-1,500
0	**5,000**	**J6 Export Credits Guarantee Department Restructuring Fund**	**5,000**
	5,000	DTI contribution to costbase restructuring of Export Credits Guarantee Department	5,000
359	**0**	**J6 British Energy Liabilities**	**0**
359		Advisers in relation to British Energy	
2,746	**3,278**	**J7 Telecommunications and Posts**	**3,278**
1,024	1,888	(1) Subscription to International Telecommunications Union	1,888
1,722	913	(2) Subscription to Universal Postal Union and Conference of European Posts and Telecommunications Administrations	913
	477	(3) Other telecommunications and posts expenditure	477
1,573	**1,800**	**J8 Post Office Consultancy and Other Expenditure Related to the Post Office**	**1,800**
1,573	1,800	Advisers' Fees in connection with the proposed restructuring of the Post Office	1,800
74,229	**26,400**	**J9 Modernisation of the Post Office Network**	**0**
74,229	26,400	Payments in respect of Post Office Network	0
-27	**0**	**J10 Support for the Steel Industry**	**0**
-29		(1) Cost of capital charges	
2		(2) Additional provision and revaluation of existing provision	

All in £000s

2004-05 Outturn	2005-06 Total Provision		2006-07 Provisions
-43	**0**	**J11 Trawlermen Compensation Scheme**	**0**
-43		(1) Cost of capital charges	
		(2) Additional provision and revaluation of existing provision	
-151	**2,055**	**J12 Enemy Property**	**0**
-155		(1) Cost of capital charges	
4	2,055	(2) Additional provision and revaluation of existing provision	
0	**0**	**J13 Transfer of Undertakings (Protection of Employment)**	**0**
		(1) Cost of capital charges	
		(2) Revaluation of existing provision	
1,144	**0**	**J14 Assistance to Shipbuilding**	**0**
953		(1) Home Shipbuilding Credit Guarantee Scheme	
191		(2) Intervention Fund	0
23,246	**86,958**	**J15 British Shipbuilders**	**-42**
5	-42	(1) Cost of Capital in relation to assets of British Shipbuilders	-42
2,241	87,000	(2) Additional provision and revaluation of existing provision	
21,000		(3) Impairment of Public Dividend Capital	
199,006	**178,044**	**Gross Total**	**51,431**
		less	
10,028	**1,064,489**	**JZ Appropriations in Aid**	**585,289**
0	**1,051,100**	**JZ01 Nuclear Decommissioning Authority**	**571,900**
	1,051,100	External income from the nuclear industry	571,900
16	**77**	**JZ02 Subsidence adviser, statutory arbitration arrangements**	**77**
16	77	Subsidence Adviser and statutory arbitration arrangements: receipts in connection with services or activities intended to operate on a cost recovery basis	77
10,029	**10,034**	**JZ03 Non ring-fenced coal liabilities**	**10,034**
10,029	10,000	(1) Release from Investment Reserve	10,000
0	34	(2) Recoveries of overpayments in connection with ex-employee liabilities	34
-17	**3,278**	**JZ04 Telecommunications and Posts**	**3,278**
0	1,888	(1) International Telecommunications Union Receipts	1,888
-17	1,390	(2) Other Receipts – Telecommunications and Posts	1,390
0	**0**	**JZ05 Assistance to the Shipbuilding Industry**	**0**
	0	1) Premium income from shipbuilding credit guarantees and repayment expenses	0
	0	(2) Repayments of Intervention Fund grants and re-imbursements by Home Shipbuilding Credit Guarantee Scheme borrowers on interest charged on late repayment of principal	0
0	**0**	**JZ06 British Coal Corporation**	**0**
		Book value of asset disposals	
188,978	**-886,445**	**Net total**	**-533,858**
		Function K: Nuclear Security and Export Control	
620	**246**	**K1 Nuclear Safety and Security**	**191**
270		(1) Civil Nuclear Emergency Planning	
350	246	(2) Nuclear Energy Agency	191
35,281	**38,700**	**K2 Nuclear Support for the Former Soviet Union**	**30,000**
35,281	38,700	Nuclear Support for the Former Soviet Union	30,000
18,703	**21,897**	**K3 Non-Proliferation**	**19,000**
12,901	16,095	(1) International Atomic Energy Agency	13,198
4,332	4,332	(2) Organisation for the Prohibition of Chemical Weapons and Organisation for the Prohibition of Biological Weapons	4,332
1,200	1,200	(3) Safeguards Support for International Atomic Energy Agency	1,200
250	250	(4) Support for DTI Safeguards Office	250
20	20	(5) Non-Proliferation Studies	20
54,604	**60,843**	**Gross Total**	**49,191**

All in £000s 2004-05 Outturn	2005-06 Total Provision		2006-07 Provisions
		less:	
32	**0**	**KZ Appropriations in Aid**	**0**
32	**0**	**KZ01 Non-Proliferation**	**0**
32		Receipts from Awareness Seminars	
54,572	**60,843**	**Net total**	**49,191**
		Function L: Activities in Support of all Objectives	
295,964	**320,242**	**L1 Administration and Other Departmental Costs**	**287,653**
118	118	(1) Share of salaries of Ministers and special advisers	118
259,445	271,550	(2) Departmental staff, excluding Ministers	267,677
1,884	1,960	(3) Office of Manpower Economics administration costs	1,960
18,663	36,219	(4) Share of Departmental capital expenditure (including Capital Modernisation Fund expenditure)	6,030
15,854	9,893	(5) Share of expenditure on Central Publicity, Queen's Awards, Secondments and Consultancy	6,657
		(6) Capital grants related to 2-roof strategy	5,211
0	502	(7) Invest to Save (Administration and Capital expenditure)	
2,461	**200**	**L2 Suppliers of Departmental central services**	**2,500**
		Central Services net expenditure	
2,461	200	(1) Administration costs	2,500
8,722	**18,075**	**L4 Non-cash expenditure associated with the above programmes**	**14,516**
8,722	18,075	Cost of capital, depreciation, Notional Audit Fee, provisions movements	14,516
307,147	**338,517**	**Gross Total**	**304,669**
		less:	
8,664	**9,450**	**LZ Appropriations in Aid**	**11,893**
6,329	**9,250**	**LZ01 Administration and Other Departmental Costs**	**9,393**
4,633	4,397	(1) Share of receipts netted off in forming Administration Costs Limit (includes share of Other Government Departments and Other Services receipts)	4,540
1,531	562	(2) Programme Costs: Other Receipts	562
165	4,291	(3) Book Value of Tangible Asset Sales	4,291
2,335	**200**	**LZ02 Suppliers of departmental central services**	**2,500**
		Receipts from other Government Departments, DTI trading funds and the private sector	
2,335	200	(1) Departmental Central Services: Allowable administration cost receipts	2,500
298,483	**329,067**	**Net total**	**292,776**
		Spending in Departmental Expenditure Limits (DEL) Support for Local Authorities **Function M: Grants to the London Development Agency**	
327,642	**388,608**	**M1 London Development Agency**	**392,689**
155,805	188,071	(1) Current Grant to London Development Agency	202,329
171,837	200,537	(2) Capital Grant to London Development Agency	190,360
327,642	**388,608**	**Gross and Net Total**	**392,689**

All in £000s

2004-05 Outturn	2005-06 Total Provision		2006-07 Provisions
		Spending in Annually Managed Expenditure	
		Central Government's own spending	
		Function N: Assets and Liabilities	
-46,250	**479,801**	**N1 Non cash nuclear provisions expenditure**	**-181,738**
-492,651	-574,014	(1) Cost of capital charges	-654,036
446,401	1,053,815	(2) Additional provision and revaluation of existing provision in respect of Nuclear Liabilities	472,298
-315,514	**-122,511**	**N2 Non-cash coal health provisions expenditure**	**-6,585**
-76,183	-68,087	(1) Cost of capital charges in respect of Coal Health Liabilities, and associated assets	-37,866
-239,331	-54,424	(2) Additional provision and revaluation of existing provision in respect of Coal Health Liabilities	31,281
7,774	**-1,169**	**N3 Privatisation of the coal industry**	**-869**
-2,263	-2,428	(1) Cost of capital charges	-2,298
10,037	1,259	(2) Additional provision and revaluation of existing provision in respect of Coal Privatisation Liabilities	1,429
10,235,000	**35,000,000**	**N4 Support to Royal Mail**	**12,000,000**
10,235,000	35,000,000	Working capital facility for Royal Mail	12,000,000
0	**0**	**N5 Privatisation of the Electricity Industry**	**0**
0	0	Privatisation of the electricity industry in England and Wales	0
0	**0**	**N6 Privatisation of the nuclear power industry**	**0**
0	0	(1) Residual expenses	0
0	0	(2) Cost of capital charges	0
0	0	(3) Movement in provision	0
9,881,010	**35,356,121**	**Gross Total**	**11,810,808**
		less:	
9,718,079	**34,520,005**	**NZ Appropriations in Aid**	**11,950,005**
3,079	**5**	**NZ01 Coal health provisions**	**5**
3,079	5	Recoveries of overpayments in connection with ex-employee health liabilities	5
9,715,000	**34,520,000**	**NZ02: Support to Royal Mail**	**11,950,000**
9,715,000	34,520,000	Repayment of working capital for Royal Mail	11,950,000
0	**0**	**NZ03 Privatisation of the nuclear power industry**	**0**
0		Receipts from the sale of the nuclear power industry	0
162,931	**836,116**	**Net Total**	**-139,197**
		Spending in Annually Managed Expenditure	
		Support for Local Authorities	
		Function O: Regional Economies	
3,979	**2,147**	**O1 London Development Agency**	**1,881**
3,979	2,147	Corporation Tax	1,881
3,979	**2,147**	**Gross and Net Total**	**1,881**
		Non- Budget Expenditure	
		Function P: Extending Competitive Markets	
21,347	**31,150**	**P1 Consumer and Investor Protection**	**28,020**
3,419	3,530	(1) Consumer Groups and Councils Grant in Aid	3,530
17,928	27,620	(2) Competition Commission and Competition Service Grant in Aid	24,490
1,314	**700**	**P2 Trade Policy**	**700**
1,314	700	Grant in Aid to Simpler Trade Procedures Board (SITPRO)	700
10,485	**9,170**	**P3 Regulation of the Postal Industry**	**9,487**
10,485	9,170	Grant-in-Aid to Consumer Council for Postal Services (POSTWATCH)	9,487
33,146	**41,020**	**Gross and Net Total**	**38,207**

All in £000s 2004-05 Outturn	2005-06 Total Provision		2006-07 Provisions
		Function Q: Security of Energy Supply	
16,320	**13,100**	**Q1 Non-Nuclear Expenditure of a Regulatory Nature**	**11,300**
16,320	13,100	Gas and Electricity Consumer Council (Energywatch) Grant in Aid	11,300
15,872	**10,600**	**Q2 Petroleum licensing and royalty**	**10,600**
5,872	**600**	**(a) Refunds and repayments under petroleum licences**	**600**
600	600	(1) Refunds and repayments of overpayments of application fees and of initial and periodic payments for licences	600
5,272		(2) Repayments of royalty, including any interest due Royalty payments are collected on account and are subsequently adjusted when actual amounts due have been determined. Repayments may also be made under the Petroleum Act 1998	
10,000	**10,000**	**(b) Payments to Northern Ireland**	**10,000**
10,000	10,000	Proportion of proceeds from petroleum licensing and royalties	10,000
32,192	**23,700**	**Gross total**	**21,900**
		less:	
15,872	**10,599**	**QZ Appropriations in Aid**	**10,599**
15,872	**10,599**	**QZ01 Petroleum licences and royalty**	**10,599**
15,872	10,599	Application fees for petroleum exploration and production licences, and initial and periodic payments. Royalty on petroleum won and saved.	10,599
16,320	**13,101**	**Net total**	**11,301**
		Function R: Enterprise Growth and Business Investment	
6,631	**6,500**	**R1 Innovation in Support of Knowledge Transfer**	**6,500**
6,631	6,500	Grant-in-Aid to the Design Council	6,500
6,631	**6,500**	**Gross and Net Total**	**6,500**
		Function S: Regional Economies	
1,313,951	**1,756,088**	**S1 Regional Development Agencies**	**1,807,374**
1,308,951	1,751,088	(1) Grant in Aid to Regional Development Agencies	1,802,374
5,000	5,000	(2) Corporation Tax payments to Regional Development Agencies	5,000
1,313,951	**1,756,088**	**Gross and Net Total**	**1,807,374**
		Function T: Maximising Potential in the Workplace	
8,586	**7,914**	**T1 Employment Relations**	**7,356**
8,586	7,914	Equal Opportunities Commission Grant in Aid	7,356
8,586	**7,914**	**Gross and Net Total**	**7,356**
		Function U: Corporate Activity and Insolvency Framework	
599	**392**	**U1 Refunds of pension adjustments to pensioners for UK income tax**	**392**
540	333	(1) European Space Agency	333
59	59	(2) European Patent Office	59
599	**392**	**Gross and Net Total**	**392**

All in £000s

2004-05 Outturn	2005-06 Total Provision		2006-07 Provisions
		Function V: Assets and Liabilities	
0	**2,223,207**	**V1 Nuclear Decommissioning Authority**	**1,679,964**
	2,223,207	Grant in Aid	1,679,964
28,569	**44,254**	**V2 United Kingdom Atomic Energy Authority**	**12,366**
28,569	44,254	(1) Grant in Aid	12,366
20,280	**27,169**	**V3 Coal Authority**	**27,169**
20,280	27,169	Grant in Aid	27,169
48,849	**2,294,630**	**Gross Total**	**1,719,499**
		less	
24	**3**	**WZ Appropriations in Aid**	**3**
24	**3**	**WZ01 Privatisation of the electricity industry in England and Wales**	**3**
24	3	Receipts from the sale of shares in the electricity industry	3
48,825	**2,294,627**	**Net Total**	**1,719,496**
		Nuclear Security and Export Control	
0	**6,000**	**Civil Nuclear Police Authority**	**0**
	6,000	Grant in aid	
0	**6,000**	**Gross and Net Total**	**0**
13,486,130	**41,587,135**	**Gross total**	**17,239,518**
11,628,716	**37,487,601**	**Gross receipts**	**14,441,562**
1,857,414	**4,099,534**	**Net Total**	**2,797,956**

All in £000s 2004-05 Outturn	2005-06 Total Provision		2006-07 Provisions
		Payments In Respect of Provisions (All DEL unless indicated)	
873,220	1,160,505	(1) Coal Health Liabilities *(AME)*	979,700
184,812	186,200	(2) British Energy Decommissioning	195,000
58,432	56,700	(2) Small Firms Loan Guarantee Scheme	63,700
51,600	47,056	(3) Concessionary Fuel and related Coal Liabilities	47,056
13,951	13,951	(4) Indemnities and Warranties relating to Privatisation of the Coal Industry *(AME)*	4,500
447	4,384	(5) National Physical Laboratory at Teddington	4,384
1,377	1,088	(6) Liberata	1,088
64	67	(7) Science Research Councils' pensions scheme *(AME)*	67
288,500		*UKAEA Decommissioning*	
1,682	*6,192*	*Enemy Property*	
1,548		*Distant Water Trawlermen*	
760		*Coal Operating Subsidy*	
238		*British Shipbuilding health liabilities*	
216		*Steel industry liabilities*	
1,476,847	**1,476,143**	**TOTAL EXPENDITURE IN RESPECT OF PROVISIONS**	**1,295,495**
1,476,847	**1,476,143**	**Extra receipts payable to the Consolidated Fund**	**1,295,495**
		In addition to appropriations in aid there are the following estimated receipts:	
328,000	328,000	(1) Distribution of surpluses from coal industry pension schemes *(within OCS and AME)*	287,000
106,788		(2) Levies on sale of aero engines and airframes *(within Resource DEL)*	
	134,400	(3) Levies on sale of aero engines and airframes *(within Capital DEL)*	158,300
68,413	67,000	(4) Application fees for petroleum exploration and production licences, and initial and periodic payments (rents). Royalty on petroleum won and saved.	67,000
36,411	57,297	(5) Ofcom: Interest on loans advanced by the Secretary of State	57,297
31,070	12,000	(6) Companies House receipts from late filing penalties	12,000
420	4,200	(7) Receipts of the Coal Authority	4,200
0	4,200	(8) Privatisation of the coal industry including property clawback receipts *(within AME)*	4,200
3,832	1,751	(9) Receipt of dividend from the Patent Office Executive Agency trading fund *(within OCS and DEL)*	1,751
1,500	1,582	(10) Receipt of dividend from the Companies House Executive Agency trading fund *(within OCS and DEL)*	1,582
1,300	555	(11) Receipt of dividend from Ofcom *(within OCS and DEL)*	555
224	204	(12) Interest on loans advanced by the Secretary of State to the Patent Office Executive Agency trading fund *(within OCS and DEL)*	204
24	85	(13) Non-nuclear energy miscellaneous receipts	85
91	49	(14) Interest on loans advanced by the Secretary of State to the Companies House Executive Agency trading fund *(within OCS and DEL)*	49
34,200		*Post Office Network Recoveries for Universal Banking Services*	
6,875		*Royal Mail Interest on Voted Loans (within OCS)*	
2,334	*2*	*Privatisation of the electricity industry, including clawback receipts*	
1,858		*Reimbursement of Royal Mail Legal and Commitment Fees (within DEL)*	
729		*Nuclear Safety and Security*	
479		*Recovery of commitment fees related to working capital loan to British Energy (within AME)*	
34		*Innovation in Support of Enterprise Growth and Business Investment*	
4		*Privatisation of the nuclear power industry*	
2		*National Selective Assistance*	
1		*Privatisation of AEA Technology – property and land clawback*	
7		*Employment Relations*	
624,596	**611,325**	**Total**	**594,223**

Table B1 Department of Trade and Industry Request for Resources 2: Science

All in £000s

2004-05 Outturn	2005-06 Total Provision		2006-07 Provisions
		Spending in Departmental Expenditure Limits (DEL)	
		Central Government spending	
31,156	**32,555**	**A The Royal Society**	**36,359**
5,600	**5,850**	**B The Royal Academy of Engineering**	**7,885**
0	**14,050**	**C The British Academy**	**18,085**
		D Science and Society	
7,295	**40,907**	**D OST Initiatives**	**15,975**
83,775	**74,118**	**E Knowledge Transfer Programmes**	**94,000**
3,760	0	(1) University Challenge Fund	0
69,844	64,403	(2) Higher Education Innovation Fund	83,000
9,012	9,715	(3) Exploitation of Discoveries at Public Sector Research Establishments	11,000
1,159	0	(4) Science Enterprise Challenge Scheme	0
206,268	**379,160**	**F Science Research Investment Fund**	**300,000**
7,801	**4,923**	**G Science and Engineering Base Group Administration Costs**	**3,500**
7,801	4,860	(1) Administration Costs	3,500
	63	(2) Share of Departmental capital expenditure	
		(3) Cost of Capital and impairment of assets	
		less:	
0	**49**	**(GZ) Appropriations in Aid**	**0**
	49	Capital Related Receipts	
7,801	**4,874**	**Net Total**	**3,500**
9,089	**8,085**	**H Transdepartmental Science and Technology Group Administration Costs**	**5,000**
9,089	7,950	(1) Administration Costs	5,000
	135	(2) Share of Departmental capital expenditure	
		less:	
0	**99**	**(HZ) Appropriations in Aid**	**0**
	99	Capital Related Receipts	
9,089	**7,986**	**Net Total**	**5,000**
		I Biotechnology and Biological Sciences Research Council	
		(IZ) Appropriations in Aid	
	5,000	Co-funding by Department for Environment, Food and Rural Affairs	1,000
0	**-5,000**	**Gross and Net Total**	**-1,000**
31,140	**18,097**	**Research Councils' pensions scheme**	
17,849	**13,300**	**Cambridge/Massachusetts Institute of Technology**	
1,662	**606**	**Foresight Link Awards**	
24,591	**2,620**	**Joint Infrastructure Fund**	
		Spending in Annually Managed Expenditure:	
11,192	**18,769**	**J Research Councils' pensions scheme**	**15,269**
11,192	18,643	(1) Payments of pensions	15,143
	76	(2) Increase in value of liability due to interest on scheme liabilities	76
	50	(3) Current Service Cost (increase in present value of scheme liabilities expected to arise from employee service in the current period) and increase in value of liability arising from current service cost, past service cost, group and individual transfers and added years	50
		less:	
0	**67**	**(JZ) Appropriations in Aid**	**67**
	67	Receipts of employees' and employers' contributions and transfer values	67
11,192	**18,702**	**Net Total**	**15,202**

All in £000s

2004-05 Outturn	2005-06 Total Provision		2006-07 Provisions
		Spending Outside Departmental Expenditure Limits	
0	68,888	K Arts and Humanities Research Council – Grant-in-Aid	90,557
276,582	324,279	L Biotechnology and Biological Sciences Research Council – Grant-in-Aid	366,185
104,074	255,864	M Economic and Social Research Council – Grant-in-Aid	140,508
490,000	554,521	N Engineering and Physical Sciences Research Council – Grant-in-Aid	650,802
380,919	459,370	O Medical Research Council – Grant-in-Aid	482,418
308,584	322,983	P Natural Environment Research Council – Grant-in-Aid	355,971
290,852	310,300	Q Particle Physics and Astronomy Research Council – Grant-in-Aid	295,645
101,496	162,000	R Council for the Central Laboratory of the Research Councils - Grant-in-Aid	128,170
80,410	73,960	S Council for the Central Laboratory of the Research Councils – Diamond Synchrotron	45,000
105	175	T Fees payable under the Animals (Scientific Procedures) Act 1986	175
2,470,440	3,145,380	Gross total	3,051,504
0	5,215	Gross receipts	1,067
2,470,440	3,140,165	Net total	3,050,437
		Extra receipts payable to the Consolidated Fund	
		In addition to appropriations in aid, there are the following estimated receipts:	
589		*Medical Research Council*	
6		*Particle Physics and Astronomy Research Council*	
595	0	Total	0

Table B1 UKAEA Pension Funds Request for Resources

All in £000s

2004-05 Outturn	2005-06 Total Provision		2006-07 Provisions
		Spending in Departmental Expenditure Limits	
		Central Government's own expenditure	
		Function A: Payments of pensions, transfer values and repayments of contributions	
50	**62**	**A1 Resource costs relating to payments of pensions, transfer values and repayments of contributions**	**62**
50	62	(1) Notional Audit Fee	62
50	**62**	**Gross and Net Total**	**62**
		Spending in Annually Managed Expenditure:	
		Function B: Payments of pensions, transfer values and repayments of contributions	
286,652	**303,419**	**B1 Resource costs relating to payments of pensions, transfer values and repayments of contributions**	**308,539**
189,284	195,856	(1) Increase in value of liability due to interest on scheme liabilities	204,729
80,212	100,130	(2) Current Service Cost (increase in present value of scheme liabilities expected to arise from employee service in the current period)	97,810
17,156	7,433	(3) Increase in value of liability arising from current service cost, past service cost, group and individual transfers and added years	6,000
		less:	
38,437	**28,974**	**BZ Appropriations in aid**	**101,403**
21,238	22,928	(1) UKAEA employees' contributions	23,639
43	46	(2) UKAEA employers' contributions	71,764
17,156	6,000	(3) UKAEA transfer values received	6,000
248,215	**274,445**	**Net total**	**207,136**
286,702	**303,481**	**Gross total**	**308,601**
38,437	**28,974**	**Gross receipts**	**101,403**
248,265	**274,507**	**Net total**	**207,198**
		Payments In Respect of Provisions (AME)	
143,537	155,922	(1) Payment of pensions etc Includes lump sums and annual pensions for age and ill-health retirements, lump sums on death, and dependants pensions	158,364
9,200	9,200	(2) Payment of transfer values Payment made when former members of the schemes join a new employer's occupational pension scheme or are transferred back to the State Addiitonal Pension Scheme. The transfer value is based on the members' accrued pension rights at the date of terminating employment covered by the schemes.	9,200
400	400	(3) Repayment of contributions	400
153,137	**165,522**	**TOTAL EXPENDITURE IN RESPECT OF PROVISIONS**	**167,964**
2,179	**0**	**Extra receipts payable to the Consolidated Fund**	**0**
		In addition to appropriations in aid, there are the following estimated receipts.	
2,179		Excess receipts not authorised to be used as appropriations in aid *(within OCS)*	

Annex B2
Statement of Contingent or Nominal Liabilities

Statute	Nature of liability	Amount Outstanding at 31.3.2003 (£ million)	Amount Outstanding at 31.3.2004 (£ million)	Amount Outstanding at 31.3.2005 (£ million)
British Aerospace Act 1980, Section 9	The Government is contingently liable, in the event of BAE Systems being wound up, other than for the purpose of reconstruction or amalgamation, to discharge any outstanding liability of BAE Systems in respect of any obligation which vested in it by virtue of section 1 of the British Aerospace Act 1980.	Unquantifiable	Unquantifiable	Unquantifiable
Telecommunication Act 1984, Section 68(2)	The Government is contingently liable, in the event of BT plc being wound up, other than for the purpose of reconstruction or amalgamation, to discharge any outstanding liability of BT plc for the payment of pensions which vested in them by virtue of the Telecommunications Act 1984.	Unquantifiable	Unquantifiable	Unquantifiable
Nuclear Installations Act 1965, Sections 16 to 18, as amended by the Energy Act 1983	Statutory liability for third party claims in excess of the operator's liability in the event of a nuclear accident in the UK.	up to 140 (approximately per incident)	Unquantifiable	Unquantifiable
Atomic Energy Authority Acts 1954 and 1971	Indemnities given to the UKAEA by the Secretary of State to cover certain indemnities given by UKAEA to carriers and British Nuclear Fuels against certain claims for damage caused by Nuclear matter in the course of carriage.	Unquantifiable	Unquantifiable	Unquantifiable
Coal Industry Act 1994, Schedule 5, Paragraph 2 (9)	Deeds of guarantee dated 31 October 1994 in respect of British Coal Corporation Pension Schemes (Mineworkers Pension Scheme and British Coal Staff Superannuation Scheme) in which the Secretary of State agrees to meet a deficiency in the Schemes' ability to fund pension benefits laid down in the Schemes.	Unquantifiable	Unquantifiable	Unquantifiable
Industrial Development Act 1982, Section 8	A liability under the Department's Small Firms Loan Guarantee Scheme on outstanding guarantees for loans granted over, approximately, the past 7 years.	116.29	136	190
Companies Act 1985, Section 256 (as amended by the Companies Act 1989)	A guarantee has been given to the Financial Reporting Council that if the amount held in the Legal costs fund falls below £1million in any year, an additional grant will be made to cover legal costs subsequently incurred that year.	Unquantifiable	Unquantifiable	Unquantifiable
Industry Act 1972, Section 10	Home Shipbuilding Credit Guarantee Scheme Guarantees to banks in respect of loans made to UK Ship owners for the construction, completion or alteration of ships and offshore installations.	Unquantifiable	Unquantifiable	Unquantifiable
Outer Space Act 1986	The Outer Space Act (1986) gives the Secretary of State the power to licence UK companies and nationals who intend to procure and/or operate in space objects. Before issuing a licence BNSC requires.	Unquantifiable	Unquantifiable	Unquantifiable

Statute	Nature of liability	Amount Outstanding at 31.3.2003 (£ million)	Amount Outstanding at 31.3.2004 (£ million)	Amount Outstanding at 31.3.2005 (£ million)
	evidence of third party liability insurance of at least £100million. Any liability on the Government will therefore only arise if a claim is in excess of £100million. In addition, the Governor of Cayman Islands has also issued an Exemption to Sea Launch for their test launch in March 1999, under the Act as extended to Cayman Islands in 1998. This is the first time the Act has been used for launchers rather than satellites. BNSC has issued the following licences: Two to B Sky B, twelve to Surrey University, one to British Aerospace Ltd, seven to Matra Marconi Space Ltd, two to Telenor UK Ltd, one to INMARSAT, and four to the Science and Engineering Research Council. Additionally, the Governor of Hong Kong has issued two licences to AsiaSat Ltd and two to AIT Satellite Company Ltd under the 1986 Act as extended to Hong Kong in 1990. The Governor of Gibraltar has also issued a licence to GE (Gib) Communications Ltd under the Act as extended to Gibraltar in 1996.			
Coal Industry Act 1994	Liabilities for various health-related and other payments to former employees of the British Coal Corporation	3,956	4,618	3,230
Industrial Development Act 1982, Section 8	Liability to make payments, under the Iron and Steelworkers Extra Rehabilitation Benefits Scheme, to former Corus workers made redundant.	2.3	1.52	1.50
Postal Services Act 2000	As part of the Royal Mail financing package, the Department agreed on 20 December 2002 to buy two bonds issued by Royal Mail, the values of which were £300million and £200million respectively. Royal Mail did not request the purchase of either bond in 2005-06. The availability of the £300million bond agreement runs until 20 January 2007. The availability of the £200million bond agreement lapsed on the 20 March 2005. Terms of the agreement state that Royal Mail must request the transaction at least six months in advance (as the Department must gain Parliamentary approval before purchasing the bonds because the funds would come from DTI supply which is voted by Parliament) and that the bond must be utilised in full. If the Department were to purchase the remaining bond, it would mature on 20 March 2009. The terms of a bond purchase have been agreed on a commercial basis. The Department has also made available to Post Office Limited, through an agreement reached on 17 October 2003, a revolving loan facility of up to £1.15billion. This is to help the company fund its working capital requirements in light of the migration of state benefits payments to a system of direct payment, alongside a Government commitment that benefit recipients will still be able to collect their benefit, in cash and in full, from post office branches. Post Office Limited began utilising this facility on 1 December 2003. The agreement allows for the company to have up to 30 concurrent loans out at any one time with loan periods which can be one day or longer. The availability of the facility ends on 30 March 2010 and any outstanding loans must be repaid by 31 March 2010. The proposal for a Working Capital package was given EU State Aid clearance in May 2003.	500	500	300

Statute	Nature of liability	Amount Outstanding at 31.3.2003 (£ million)	Amount Outstanding at 31.3.2004 (£ million)	Amount Outstanding at 31.3.2005 (£ million)
	NON-STATUTORY LIABILITIES CHARGED TO DEPARTMENTAL ESTIMATES			
	Assurance that, subject to Parliamentary approval ofany expenditure entailed, the Government would meet any net liabilities of British Shipbuilders as recorded in their Accounts. Beyond this general commitment, and subject to the same caveats, more specific assurances have been given to meet contingent liabilities associated with certain of BS`s financial guarantees.	Unquantifiable	Unquantifiable	Unquantifiable
	Costs of meeting waste management and decommissioning liabilities at UKAEA sites and certain similar liabilities of the UKAEA at BNFL sites.	9,200 (approx.)	9,000 (approx.)	7,700 (approx)
	Letter of comfort to AEA Technology who, under the terms of a collaboration agreement on a European project for underground gasification of coal, accept joint and several liabilities.	Unquantifiable	Unquantifiable	Unquantifiable
	Financial undertaking from the Government to BNFL in connection with the transfer of the Government's shareholding in Magnox Electric Plc to BNFL on 30 January 1998.	26,700	27,300	28,200
	Deed of indemnity in respect of potential liabilities vested in National Grid Company under a CEGB/EdF protocol that governs responsibilities in respect of the interconnector linking England and France.	Up to 200	Unquantifiable	Unquantifiable
	Paid in capital subscription for the Common Fund for Commodities:			
	Government is committed to the payment of a subscription of £4.48million to the First Account of the Fund, half of which is in the form of Promissory Notes callable following the coming into operation of the first Account.	2.24	2.24	2.24
	Callable capital subscription for the Common Fund for Commodities:			
	Government is committed to the payment of a subscription of £1.96million to the First Account of the Fund, in the event that the Fund is unable to meet its liabilities in respect of First Account operations.	1.96	1.96	1.96
	European Patent Office:			
	The UK as one of the contracting States has a potential liability under Article 40 of the European Patent Convention of 1973.	Unquantifiable	Unquantifiable	Unquantifiable
	World Intellectual Property Organisation.			
	The UK as a contracting state to The Patent Co-operation Treaty of 1970 has a potential liability under Article 57 of the Treaty.	Unquantifiable	Unquantifiable	Unquantifiable

Statute	Nature of liability	Amount Outstanding at 31.3.2003 (£ million)	Amount Outstanding at 31.3.2004 (£ million)	Amount Outstanding at 31.3.2005 (£ million)
	Indemnity given to the police. The Police Information Technology Organisation (Home Office) provides Legal Services Directorate D (DTI) with access to data from the Police National Computer (PNC). The DTI has indemnified the police against any liabilities that they might incur as a result of providing that access.	Unquantifiable	Unquantifiable	Unquantifiable
	"Back end" costs of decommissioning nuclear facilities for the Central Laboratory of the Research Councils and the Medical Research Council.	6.66	3.5	nil
	BBSRC Bank Guarantee		0.8	7.1
	Further Incidents/Accidents or insurance claim for exposure to ionising radiation pursued outside the existing scheme	Unquantifiable	Unquantifiable	Unquantifiable
	There is a very remote possibility that 3 satellites in orbit belonging to PPARC/SERC may collide with other satellites or aircraft before being removed from orbit. There is also the potential that these satellites cause to the surface of the earth. If PPARC were shown to be at fault for this damage, a liability would arise against the Government. The possibility of this arising is extremely remote.	Unquantifiable	Unquantifiable	Unquantifiable
	UK's share of debts of CERN liabilities	32	41.2	66
	Local Network indemnities issued.	72.1	73.433	67.613
	Various constructive obligations relating to the restructuring of British Energy.	3,046	3,912	3,170
	Indemnities equivalent to those given to civil servants under the Civil Service Management Code have been given to persons appointed to the Board of the Office of Fair Trading, including the Chairman;		Unquantifiable	Unquantifiable
	Indemnities equivalent to those given to Board members of Non-Departmental Public Bodies (NDPBs) have been given to members of the nine Regional Committees of Postwatch (the Consumer Council for Postal Services);		Unquantifiable	Unquantifiable
	Decommissioning costs falling to PPARC as a result of the possible future closure of scientific facilities;		Unquantifiable	1.9
	The British Geological Survey, a constituent part of NERC, has received notice of a claim being made against it by a number of people in Bangladesh;		Unquantifiable	Unquantifiable
Nuclear	The Department has a range of civil nuclear liabilities arising through its association with UKAEA and BNFL as well as ensuring that the Government complies with its obligations under the various international nuclear agreements and treaties. The amount and timing of this overarching liability is not quantifiable.	Unquantifiable	Unquantifiable	Unquantifiable

Statute	Nature of liability	Amount Outstanding at 31.3.2003 (£ million)	Amount Outstanding at 31.3.2004 (£ million)	Amount Outstanding at 31.3.2005 (£ million)
	In addition, the Government has had to provide temporary indemnity to British Nuclear Insurers to cover terrorism risks.	Unquantifiable	Unquantifiable	Unquantifiable
EC Directives relating to Structural Funds	There is a risk that the EC may seek recovery from the Department of grants paid under various ERDF Community Initiative Programmes arising from our quantification of the financial impact of irregularities found in three of the seven Community Initiative Programmes which the Department is responsible for. The eventual liability that might crystallise is still uncertain and is dependent upon the EC's formal notification of its decision on the matter. However, work done during the financial year to remove qualifications from the internal audit opinions on six of the seven initiatives suggests that the Department's potential exposure has been significantly reduced.	Unquantifiable	Unquantifiable	Unquantifiable
Health and Safety	Claims have been lodged by a number of employees and ex-employees for compensation for industrial injury or disease allegedly arising from a period of employment at one or other of the former research establishments of the DTI.	Unquantifiable	Unquantifiable	Unquantifiable
	On 13 June 2003 the DTI signed an Agreement under the Elgar PFI contract for IT services for a new financial system (CAMEO) for The Insolvency Service. The cost to The Service was £17,787,200 to be paid in 10 annual instalments from the date of delivery. The milestone date for delivery for User Acceptance Testing was 4 May 2004 but this was not met. In December 2004 The Service, having lost confidence in the prospect of delivery of the project, told the PFI provider that it no longer wished to proceed with CAMEO and that the PFI provider should withdraw from the project. The PFI provider has written to The Service claiming £15,389,379 which claim has not been accepted. Separately they have also made a proposal to restart the project and, to that end, The Service has agreed to undertake, on a without prejudice basis, a joint project review. No provision has been made in these accounts in respect of the claim although £1,192,992 paid during 2004-05 in respect of development work not included in the original Agreement has been treated as expenditure in these accounts.	N/a	N/a	15.389
CCLRC decommissioning costs	From 1 April 2003, the CCLRC took over responsibility for the UK's subscriptions to the Institute Laue Langevin (ILL) and the European Synchrotron Radiation Facility (ESRF) from the Engineering and Physical Sciences Research Council (EPSRC). As a consequence of this, the CCLRC inherited the UK's share of the likely decommissioning costs of these facilities to be met in future years. As there has been no past obligating event, as CCLRC does not have singular control over the decommissioning of these facilities and as the timing and amount of the decommissioning costs cannot be known with any certainty and therefore, in accordance with FRS12, these decommissioning costs have been treated as a contingent liability.	N/a	48.7	51.9

Statute	Nature of liability	Amount Outstanding at 31.3.2003 (£ million)	Amount Outstanding at 31.3.2004 (£ million)	Amount Outstanding at 31.3.2005 (£ million)
	Indemnities given to Bankers of The Insolvency Services against certain liabilities arising in respect of non-transferable "account payee" cheques due to insolvent estates and paid into The Insolvency Service's account.	N/a	N/a	Unquantifiable
	Outstanding claims under the Enemy Property Claim scheme are still being considered.	N/a	N/a	Un quantifiable
	Liabilities expired in the 2004-05 financial year			
	An indemnity was given, which expired on 4 April 2004, by the Coal Authority to the administrators of Coal Power Ltd relating to personal liabilities arising out of environmental legislation, subsidence claims and abandonment costs in relation to Hatfield colliery.		Unquantifiable	Nil
	The Biotechnology and Biological Sciences Research Council (BBSRC), formerly the Agricultural and Food Research Council (AFRC) has a contingent liability to meet the redundancy costs of BBSRC employees attached to Horticultural Research International who are made redundant.	15	nil	nil

Annex B3
Research Council's Grant-in-Aid

Table B3 Research Councils' Grant-in-Aid

Research Council Tables analysis of expenditure by type

Engineering and Physical Sciences Research Council

All in £000s

2004-05 Outturn	2005-06 Total Provision		2006-07 Provisions
		Gross Expenditure	
19,410	**23,054**	**Central Administration**	**22,806**
140	**194**	**Restructuring**	**284**
3,500	**3,510**	**CCLRC**	**3,520**
325,750	**367,311**	**Grants for Research in Universities and Other Bodies**	**465,650**
291,250	319,726	a) Current	425,670
34,500[1]	47,585	b) Capital	39,980
137,470	**160,785**	**Postgraduate Awards**	**167,775**
19,680	**18,941**	**Other Expenditure on Research**	**18,151**
160	**170**	**International Subscriptions**	**170**
-1,060	**-330**	**Non-cash Items**	**290**
505,050	**573,635**	**Total Gross Recurrent Expenditure**	**678,646**
		Major Capital Expenditure	
730	552	i) Central Administration	1,300
0	1,500	ii) Other Expenditure on Research	
505,780	**575,687**	**Total Gross Expenditure**	**679,946**
		Financed by:	
500,450	**575,010**	**Resource/Capital Budget**	**649,830**
17,990	**21,677**	**Current Receipts**	**21,677**
5,930	7,145	a) Government Departments	7,145
9,400	11,426	b) Other Research Councils	11,426
2,180	2,627	c) Other Bodies	2,627
120	45	d) Restructuring	45
360	434	e) Other operating receipts	434
0	**0**	**Capital Receipts**	**0**
-12,660	**-42,677**	**Transfer to Reserves**	**-13,238**
505,780	**575,687**	**Total**	**679,946**

Table B3 Research Councils' Grant-in-Aid *(continued)*

Research Council Tables analysis of expenditure by type

Biotechnology and Biological Sciences Research Council

All in £000s

2004-05 Outturn	2005-06 Total Provision		2006-07 Provisions
		Gross expenditure	
8,000	**10,000**	**A Central Administration and Expenses**	**11,400**
130	**9,995**	**B Restructuring / Superannuation**	**1,625**
79,071	**76,370**	**C Grants and Contracts to Research Institutes and other research bodies**	**87,450**
	76,370	a) Research Institutes	87,450
148,192	**174,979**	**D Grants for Research in Universities and Other Bodies**	**214,762**
	151,479	a) Current	184,143
	23,500	b) Capital	30,619
35,177	**36,816**	**E Postgraduate Awards**	**40,548**
200	**200**	**F International Subscriptions**	**950**
13,061	**13,379**	**Non – Cash Items**	**14,464**
	13,379	Cost of Capital and Depreciation	14,464
283,831	**321,739**	**Total Gross Recurrent Expenditure**	**371,199**
19,090	**19,555**	**G Major Capital Expenditure**	**34,950**
	19,130	a) Institute's etc.	34,500
	425	b) Administration	450
302,921	**341,294**	**Total Gross Expenditure**	**406,149**
		Financed by:	
287,571	**326,364**	**Resource/Capital Budget**	**375,774**
5,100	**5,330**	**Current Receipts**	**21,375**
	5,000	a) Other Research Councils	7,075
	330	b) Miscellaneous Receipts	14,300
10,250	**9,600**	**Capital Receipts**	**9,000**
302,921	**341,294**	**Total**	**406,149**

Table B3 Research Councils' Grant-in-Aid *(continued)*

Research Council Tables analysis of expenditure by type

Economic and Social Research Council

All in £000s

2004-05 Outturn	2005-06 Total Provision		2006-07 Provisions
7,100	6,851	**A Central Administration and Expenses**	7,112
253	702	**B Re-structuring / Superannuation**	710
		C Grants for Research in Universities and other bodies and Research Dissemination	
68,610	84,266	(1) Current	107,896
8,320	7,300	(2) Capital	7,900
31,696	36,484	**D Postgraduate Awards**	42,198
64	**95**	**E International Subscriptions**	**115**
116,043	**135,698**	**Total Gross Recurrent Expenditure**	**165,931**
1,655	600	F Major Capital Expenditure	600
117,698	**136,298**	**TOTAL GROSS EXPENDITURE**	**166,531**
		Financed by:	
105,252	**123,712**	**G Resource/Capital Budget**	141,442
		H Current Receipts	
11,340	11,132	(a) Government Departments	16,425
35	50	(b) Others	50
1,071	**1,404**	**I Transfers from Reserves (EYF)**	**8,614**
117,698	**136,298**	**TOTAL**	**166,531**

Table B3 **Research Councils' Grant-in-Aid** *(continued)*

Research Council Tables analysis of expenditure by type

Arts and Humanities Research Council

All in £000s

2004-05 Outturn	2005-06 Total Provision		2006-07 Provisions
		Gross Expenditure	
	3,586	**Central Administration**	**3,524**
	0	**Restructuring**	**0**
		Grants for Research in Universities and Other Bodies	
	47,252	a) Current	59,104
	0	b) Capital	0
	33,855	**Postgraduate Awards**	**37,297**
	1,675	**Other Expenditure on Research**	**2,365**
	28	**International Subscriptions**	**30**
	331	**Non-cash Items**	**353**
	86,727	**Total Gross Recurrent Expenditure**	**102,673**
		Major Capital Expenditure	
	42	i) Central Administration	131
	0	ii) Other Expenditure on Research	0
0	**86,769**	**Total Gross Expenditure**	**102,804**
		Financed by:	
		Resource/Capital Budget	
		Current Receipts	
	68,846	a) Government Departments	90,557
	56	b) Other Research Councils	51
	18,220	c) Other Bodies	10,238
	0	d) Restructuring	0
	27	e) Other operating receipts	6
	42	**Capital Receipts**	**131**
	-422	**Transfer to Reserves**	**1,821**
0	**86,769**	**Total**	**102,804**

Table B3 Research Councils' Grant-in-Aid *(continued)*

Research Council Tables analysis of expenditure by type

Medical Research Council

All in £000s

2004-05 Outturn	2005-06 Total Provision		2006-07 Provisions
		Gross Expenditure	
15,400	**17,437**	**Central Administration**	**14,800**
2,200	**12,089**	**Restructuring**	**14,652**
233,477	**245,274**	**Council Institutes. Establishments and Other Staff**	**193,680**
14,461	**37,699**	**Grants and Contracts to Research Institutes and Other Bodies**	**15,578**
0	1,000	a) CCLRC	1,000
14,461	36,699	b) Others	14,578
122,073	**130,234**	**Grants for Research in Universities and Other Bodies**	**165,951**
106,646	119,447	a) Current	154,301
15,427	10,787	b) Capital	11,650
50,394	**51,640**	**Postgraduate Awards**	**56,961**
9,900	**11,151**	**International Subscriptions**	**12,109**
9,376	**28,357**	**Commercial Fund**	**20,530**
457,281	**533,881**	**Total Gross Recurrent Expenditure**	**494,261**
28,437	**37,195**	**Major Capital Expenditure**	**68,618**
0	0	i) Central Administration	0
28,437	37,195	ii) Institutes	68,618
485,718	**571,076**	**Total Gross Expenditure**	**562,879**
		Financed by:	
453,434	**486,539**	**Resource/Capital Budget**	**501,665**
53,430	**60,700**	**Current Receipts**	**41,093**
21,002	23,860	a) Government Departments	16,153
3,451	3,921	b) Commissions from the EU	2,654
28,977	32,920	c) Other	22,286
28,516	**140,412**	**Commercial Fund Receipts**	**29,376**
0	**4,000**	**Capital Receipts**	**0**
-49,662	**(120,575)**	**Transfer to / from Reserves**	**-9,255**
485,718	**571,076**	**Total**	**562,879**

Table B3 Research Councils' Grant-in-Aid *(continued)*

Research Council Tables analysis of expenditure by type

Natural Environment Research Council

All in £000s

2004-05 Outturn	2005-06 Total Provision		2006-07 Provisions
		Gross Expenditure	
		Central Administration	
20,942	21,366	NERC Central Administration	21,700
3,127	**2,259**	**Staff Restructuring**	**1,576**
137,365	**153,670**	**NERC Research Centres, Services and Facilities**	**161,914**
4,088	**3,650**	**Grants and Contracts to CCLRC**	**3,741**
		Grants and contracts for Research in Universities and Other Bodies	
76,650	83,718	a) Current	101,582
5,783	6,978	b) Capital (excluding JIF)	6,543
2,500	2,500	c) Joint Infrastructure Fund (JIF)	2,500
26,141	**28,978**	**Postgraduate Training Awards**	**30,339**
48,700	**49,900**	**International Subscriptions**	**43,700**
13,742	**32,408**	**Non Cash (Depreciation, Cost of Capital and Provisions)**	**48,706**
339,038	**385,427**	**Total Gross Recurrent Expenditure**	**422,301**
		Major Capital Expenditure	
27,870	31,846	ii) Centres/Surveys, Services and Facilities	40,270
366,908	**417,273**	**Total Gross Expenditure**	**462,571**
		Financed by:	
317,408	**371,092**	**Resource/Capital Budget**	**416,348**
49,500	**46,181**	**Current Receipts**	**45,637**
12,200	12,172	Commissions from Government Departments	11,854
4,100	4,428	b) Commissions from the EU	4,535
18,200	18,098	c) Other Commissions	17,731
2,300	1,470	d) From Other Councils for Joint Services	1,026
10,200	7,513	e) Other Receipts	7,991
2,500	2,500	f) Joint Infrastructure Fund (including HEFCE contributions)	2,500
0	**0**	**Capital Receipts**	**586**
		Transfer To Reserves	
366,908	**417,273**	**Total**	**462,571**

Table B3 **Research Councils' Grant-in-Aid** *(continued)*

Research Council Tables analysis of expenditure by type

Partical Physics and Astronomy Research Council

All in £000s

2004-05 Outturn	2005-06 Total Provision		2006-07 Provisions
		Gross Expenditure	
5.702	**5.461**	**Administration** (including joint services)	**6.573**
1.631	**1.927**	**Restructuring**	**1.325**
16.451	**14.343**	**Council Institutes and Establishments**	**17.274**
35.475	**39.467**	**Grants and Contracts to Other Research Bodies – including CCLRC and CERN**	**40.000**
79.329	**72.149**	**Grants for Research in Universities and Other Bodies**	**77.817**
54.667	63.204	a) Current	68.317
15.995	0.000	b) Joint Infrastructure Fund (including HEFCE contributions)	0.000
8.667	8.945	c) Capital	9.500
15.036	**16.757**	**Postgraduate Training Awards**	**18.688**
150.369	**165.085**	**International Subscriptions**	**163.300**
30.191	**24.603**	**Other Expenditure on Research**	**21.756**
334.184	**339.792**	**Total Gross Recurrent Expenditure**	**346.733**
3.712	**3.429**	**Major Capital Expenditure**	**3.289**
337.896	**343.221**	**Total Gross Expenditure**	**350.022**
		Financed by:	
307.566	**306.566**	**Departmental Expenditure Limit (including AME for 2002-03)**	**313.485**
	30.471	**Estimated International Compensation**	**30.037**
30.330	**6.184**	**Current Receipts**	**6.500**
30.330	**6.184**	**a) External income (including Joint Infrastructure Fund and HEFCE contributions)**	6.500
0.000	**0.000**	**Capital Receipts**	**0.000**
337.896	**343.221**	**Total**	**350.022**

Table B3 Research Councils' Grant-in-Aid *(continued)*

Research Council Tables analysis of expenditure by type

Council for the Central Laboratory of the Research Council

All in £000s

2004-05 Outturn	2005-06 Total Provision		2006-07 Provisions
		Gross Expenditure	
193,504	**212,273**	**Programme and Facility Operating Costs**	**239,807**
193,504	**212,273**	**Total Gross Recurrent Expenditure**	**239,807**
37,840	**156,345**	**Capital Expenditure**	**149,366**
231,344	**368,618**	**Total Gross Expenditure**	**389,173**
		Financed by:	
163,480	**292,921**	**Resource/Capital Budget**	**302,973**
		Current receipts	
41,957	42,320	(1) Research Councils	45,000
3,836	3,509	(2) Other Government Departments	4,000
22,072	29,868	(3) Other sources	37,200
		Capital receipts	
231,345	**368,618**	**Total**	**389,173**

Annex B4
Research Council's Long Term Projects

Table B4 Long-term capital projects – details of work services costing over £400,000 and reconciliation with the Estimate

Biotechnology and Biological Sciences Research Council

£000s at 2005-06 prices				Current estimate of expenditure			
Project	Year of start/ original estimate of year of completion	Current estimate of year of completion	Original estimate of expenditure	Spend in past years for 2005-2006	Estimated outturn years	To be spent in future	Total
Research Institutes							
(a) Land and Buildings Schemes in progress on 1 April 2006							
Institute for Animal Health Pirbright Redevelopment	2003-04		121,000	2,369	4,501	114,130	121,000
John Innes Centre Capital Rationalisation Programme	2005-06	2007-08	3500	0	705	2795	3500
Babraham Institute SABU Replacement	2005-06	2008-09	15,000	0	255	14,745	15,000
Rothamsted Research Institute Agro Eco Building	2005-06	2008-09	4000	0	60	3,940	4000
Schemes costing less than £400,000							11,490
b) Plant, Machinery etc							
Items costing less than £400,000							3150
I Total					5521	150,250	143,500
II BBSRC Office							
a) Land and Buildings							
Schemes costing less than £400,000							
(b) Plant, Machinery etc							
Items costing less than £400,000							
II Total							0
Gross Total							150,250
Less:							
Capital Receipts							
Sale of Land and Buildings							
Net total							150,250

Table B4 Long-term capital projects – details of work services costing over £400,000 and reconciliation with the Estimate

Medical Research Council[126]

£000s at 2005-06 prices				Current estimate of expenditure		
Project	Year of start/ original estimate of year of completion	Current estimate of year of completion	Original of year of completion	Total spend in previous years	Estimated provision in 2005-2006	To be spent in future years
A) Land and Building schemes costing more than £400,000 and in progress at 1 April 2005						
NIMR Physical Biochemistry	2003-04 2005-06	Estimated End of 05	660	422	200	10
IHR Animal House Refurb	2003-04 2005-06	Estimated 2006	1,630	1,360	250	20
EEU – Temporary accommodation	2003-04 2004-05	Completed Jan 2005	500	456	0	0
EEU – CIDEM Accommodation	2004-05 2005-06	Estimated 2006-07	6,500	375	40	6,085
CSC – Animal facility	2004-05 2006-07	Estimated Dec 2006	10,000	1,563	5,667	871
HRSU – contribution to new accommodation	2005-06 2006-07	Estimated June 2005	3,000	3,000	0	0
LMB – ARES animal facility	2004-05 2007-08	Estimated end of 07	31,000	3,039	3,337	24,624
CBSU – new fMRI building and machine	2004-05 2006-07	Estimated 2006-07	1,941	50	1,697	193
Gambia – refurb at Fajara	2003-04 2006-07	Estimated Jan 2007	2,663	208	1,065	1,390
Harwell – purchase of lease	2005-06 2005-06	Estimated 2005-06	3,000	0	0	3,000
LMB – MARS	2003-04 2007-08	Estimated end of 07	155,000	339	2,050	152,611
Total			**215,894**	**10,812**	**14,306**	**188,804**
Schemes costing less than £400,000						
IHR – Seminar office refurb		Ongoing	330	307	9	0
MHU – refurb of animal space		Completed Mar 2005	275	75	0	0
Harwell – security and annex		Completed				
Harwell – refurb flat for Oxford centre		Completed Mar 2005	148	85	47	0
Uganda – new block at Entebbe		Estimated Dec 2005	290	290	0	0
Allocation for Estate Maintenance projects						
Total			**1,043**	**757**	**56**	**0**
B) Plant and Machinery and Permanent Equipment costing more than £400,000						**13,900**
LMB Microscope						900
NIMR Microscope						500
NIMR/ NMR 700MHz scanner (CE)						1200
Total MRC unit CE delegated budgets						11,300
Plant and Machinery and Permanent Equipment costing less than £400,000			**0**			
Total						**202,704**
Less receipts from sale of assets						**4000**
Net Total						**198,704**

126 For more information on completed MRC Long-term capital projects please see the 2005 DTI Departmental Report

Table B4 Long-term capital projects – details of work services costing over £400,000 and reconciliation with the Estimate

Natural Environment Research Council

£000s at 2005-06 prices				Current estimate of expenditure			
Project	Year of start/ original estimate of year of completion	Current estimate of year of completion	Original estimate of expenditure	Total	Spend in past years	Estimated provision in 2005-2006	To be spent in future years
A) Land and Buildings							
BAS – Rothera Antarctic Base	2005-06 2007-08	2007-08	3,600	3,541	0	1,500	2,041
BAS – Halley 6 Antarctic Base	2003-04 2005-06	2008-09	24,600	23,689	590	4,829	18,270
BGS – Keyworth Blocks A-F	2005-06 2008-09	2008-09	9,300	8,758	0	75	8,683
CEH – Environmental Centre for Wales	2002-03 2005-06	2006-07	3,530	3,514	1,276	486	1,752
Items costing less than £400,00						**2487**	
A) Total						**9377**	
B) Plant and Machinery							
NOC Towed Ocean Bottom Instrument	2005-06 2005-06	2006-07	746	735		346	389
Items less than £400,000						**8335**	
B) Total						**8681**	
C) Ships and Aircraft							
James Cook Research Vessel	2003-04 2007-08	2007-08	39,500	39,339	10,130	13,788	15,421
Dornier Aircraft	2005-06 2005-06	2006-7	1400	1363			1363
C) Total						**13,788**	
Gross Total						**31,846**	
Less sales of assets (capital income)						0	
Net Total						**31,846**	

Table B4 Long-term capital projects – details of work services costing over £400,000 and reconciliation with the Estimate

Councils for the Central Laboratory of the Research Councils

£000s at 2005-06 prices				Current estimate of expenditure			
Project	Year of start/ original estimate of year of completion	Current estimate of year of completion	Original estimate of expenditure	Total	Spend in past years	Estimated provision in 2005-2006	To be spent in future years
Council Establishments							
A)Land and Buildings Schemes costing more than £400,000 and in progress at 1 April 2005							
TST2 Buildings	2003-04 2006-07	2006-07	26,374	30,000	3,000	21,000	6,000
R1 Upgrade	2005-06 2007-08	2007-08	16,000	16,000	0	50	15,950
R22 Extension	2005-06 2005-06	2005-06	1,000	1,000	0	900	100
R6 Mods	2005-06 2005-06	2005-06	588	588	0	550	38
R87	2005-06 2006-07	2006-07	3,300	3,300	0	300	3,000
New Reception Building and Gate	2005-06 2006-07	2006-07	1,000	1,000	0	150	850
Schemes costing less than £400,000							
Various	Various	Various	Various	1100	0	990	200
Total						**23,850**	
B) Plant Machinery and Permanent equipment costing more than £400,000							
Helium 3 Facility	2001-02 2004-05	2005-06	700	689	620	69	0
Merlin Spectrometer	2001-02 2005-06	2005-06	4,900	4900	3,606	1,128	166
Target Station 2	2002-03 2008-09	2008-09	67,889	115,400	15,497	22,250	77,653
4GLS	2003-04 2006-07	2006-07	11,500	11500	6,526	4,670	304
MICE	2003-04 2006-07	2008-09	10,000	9700	910	628	8,162
FEND	2003-04 2004-05	2005-06	482	450	310	140	0
Hotwax	2003-04 2005-06	2005-06	485	485	360	125	0
Sandals	2004-05 2005-06	2005-06	600	660	610	50	0
MIRI	2004-05 2006-07	2005-06	500	451	320	131	0
Pet Gamma	2003-04 2007-08	2007-08	1,043	1043	410	350	283
Gemini	2004-05 2007-08	2007-08	3,500	3500	207	1,565	1,728
X Ray imaging	2004-05 2007-08	2007-08	565	565	218	300	47
Front end test stand phase1	2005-06 2006-07	2006-07	1,028	1028	95	225	708
Multilayer polarimeter	2005-06 2008-09	2008-09	495	495	0	50	445
4GLS TDR	2005-06 2006-07	2006-07	1,600	1600	0	620	980
Items costing less than £4,000							
Various	Various	Various	Various	3340	1450	1002	888
Total					**43,439**	**81,070**	**117,502**
Less receipts from sale of assets							
Net Total						**81,070**	

Table B4 Long-term capital projects – details of work services costing over £400,000 and reconciliation with the Estimate

Particle Physics and Astronomy Research Council

£000s at 2005-06 prices				Current estimate of expenditure			
Project	Year of start/ original estimate of year of completion	Current estimate of year of completion	Original estimate of expenditure	Total	Spend in past years	Estimated provision in 2005-2006	To be spent in future years
I Research Establishments							
Land and buildings:						0	
Items costing more than £400,000							
Plant and Machinery							
Items costing less than £400,000						3,429	
Less capital receipts sale of plant and machinery							
Net Total						**3,429**	

Annex B5
Non-Departmental Public Bodies

Listed below are those Non-Departmental Public Bodies (NDPBs) sponsored by the Department of Trade and Industry.

Executive Bodies

Advisory Conciliation and Arbitration Service (ACAS)

British Hallmarking Council

Civil Nuclear Police Authority[127]

Coal Authority

Consumer Council for Postal Services (Postwatch)

Gas and Electricity Consumer Council (Energy Watch)

National Consumer Council

Competition Commission

Competition Service

Design Council

Equal Opportunities Commission (EOC)

Hearing Aid Council

Nuclear Decommissioning Authority[128]

Research Councils

Arts and Humanities Research Council (AHRC)

Biotechnology and Biological Sciences Research Council (BBRC)

Council for Central Laboratory Research Council (CCLRC)

Economic and Social Research Council (ESRC)

Engineering and Physical Sciences Research Council (EPSRC)

Medical Research Council (MRC)
Natural Environment Research Council (NERC)

Particle Physics and Astronomy Research Council (PPARC)

Regional Development Agencies

Advantage West Midlands

East Midlands Regional Development Agency

East of England Development Agency

North West Development Agency

One North East

South East England Development Agency

South West of England Regional Development Agency

Yorkshire Forward

Simpler Trade Procedures Board (SITPRO)

United Kingdom Atomic Energy Authority (UKAEA)

127 Established 1 April 2005
128 Formal commencement of operations 1 April 2005

Advisory Bodies

Advisory Committee on Carbon Abatement Technologies

Agriculture and Environment Biotechnology Commission[129]

Council for Science and Technology

Ethnic Minority Business Forum

Fuel Poverty Action Group

Industrial Development Advisory Board

Intellectual Property Advisory Committee[130]

Low Pay Commission

Measurement Advisory Committee

Regional Industrial Development Boards

Renewables Advisory Board

Small Business Council

Small Business Investment Taskforce

Sustainable Energy Policy Advisory Board

Technology Strategy Board

Union Modernisation Fund[131]

Women's National Commission

UK National Authority Advisory Committee

Tribunals

Central Arbitration Committee

Competition Appeal Tribunal

Copyright Tribunal

Employment Appeal Tribunal

Employment Tribunals

Insolvency Practitioners Panel

Persons Hearing Consumer Credit Licensing Appeals

Persons Hearing Estate Agent Appeals

129 Closed April 2005
130 Closed September 2005
131 Established September 2005

EXPENDITURE PLANS

The following table shows the gross administrative expenditure funded by the Department for the larger executive NDPBs and tribunals. "Larger" means here a body which has 25 or more staff and which normally relies on Government grant or grant-in-aid for 50% or more of its income, or trades mainly with other Government Departments. In the case of the Research Councils (RCs), the figures represent their total running costs and include expenditure on research undertaken at their institutes. The RCs' figures are net figures. They therefore exclude expenditure on research work commissioned by Government Departments, the EU, etc, and the private sector.

£ million	2000-01 Outturn	2001-02 Outturn	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Working Provision	2006-07 Plans	2007-08 Plans	2008-09 Plans
SCIENCE NDPBs									
BBSRC									
Service Providers	64.40	71.20	72.30	72.5	74.90	82.90	99.7	102.2	104.7
Policy Advisers	1.00	1.00	1.00	1.3	1.40	1.50	1.6	1.7	1.8
Support and Ohs	3.80	3.80	3.90	4.2	5.20	5.50	5.6	5.7	5.9
Total	**69.20**	**76.00**	**77.20**	**78.0**	**81.50**	**89.90**	**106.90**	**109.60**	**112.40**
ESRC									
Service Providers	2.00	2.10	2.20	2.5	3.16	3.70	3.75	3.80	3.85
Policy Advisers	0.40	0.50	0.60	0.8	0.40	0.50	0.50	0.60	0.60
Support and Ohs	0.40	0.60	0.60	0.7	0.71	0.90	0.90	0.90	1.00
Total	**2.80**	**3.20**	**3.40**	**4.0**	**4.27**	**5.10**	**5.15**	**5.30**	**5.45**
EPSRC									
Service Providers[132]	21.00	21.50	27.20	38.1	25.72	25.21	19.85	38.02	38.02
Policy Advisers	2.20	2.40	2.50	4.5	4.89	5.26	5.02	5.02	5.02
Support and Ohs	6.00	7.10	7.50	6.0	5.98	6.80	7.25	7.25	7.25
Total	**29.20**	**31.00**	**37.20**	**48.6**	**36.59**	**37.27**	**32.12**	**50.29**	**50.29**
MRC									
Service Providers	122.00	123.54	132.10	152.9	183.08	182.51	218.87	223.98	229.89
Policy Advisers	6.90	6.94	7.42	8.6	7.48	7.45	8.92	9.11	9.31
Support and Ohs	8.20	8.30	8.91	10.3	7.12	6.89	7.93	7.50	6.70
Total	**137.10**	**138.78**	**148.43**	**171.7**	**197.68**	**196.85**	**235.72**	**240.59**	**245.90**
NERC									
Service Providers[133]	91.70	93.60	97.50	112.4	112.30	127.05	129.54	132.00	131.41
Policy Advisers	3.10	3.10	3.20	3.6	3.63	4.10	4.18	4.26	4.25
Support and Ohs	5.30	5.40	5.40	6.3	6.27	7.09	7.23	7.37	7.33
Total	**100.10**	**102.10**	**106.10**	**122.3**	**122.19**	**138.25**	**140.96**	**143.63**	**142.99**
PPARC									
Service Providers	44.70	42.47	42.93	44.2	45.28	46.79	48.19	49.64	51.13
Policy Advisers	2.70	2.41	2.69	2.8	2.87	2.90	2.99	3.07	3.16
Support and Ohs	2.00	1.82	1.98	2.0	2.05	2.11	2.17	2.17	2.24
Total	**49.40**	**46.70**	**47.60**	**49.1**	**50.20**	**51.80**	**53.35**	**54.88**	**56.53**
CCLRC[134]									
Service Providers			2.55	17.3	18.79	21.90	24.4	24.4	24.4
Policy Advisers			0.15	0.1	0.35	0.87	0.5	0.5	0.5
Support and Ohs			-	-					
Total			**2.70**	**17.4**	**19.14**	**22.77**	**24.90**	**24.90**	**24.90**
AHRC									
Service Providers						1.68	2.37	2.37	2.44
Policy Advisers						0.66	0.73	0.74	0.76
Support and Ohs						3.26	3.14	3.15	3.24
Total					-	**5.59**	**6.24**	**6.26**	**6.43**
TOTAL SCIENCE	**387.80**	**397.78**	**422.63**	**491.0**	**511.57**	**547.53**	**605.34**	**635.45**	**644.89**

132 Since 1998-99 some payments to CCLRC relating to Research grants to HEIs have been excluded from here and included as part of the grants
133 In 1998-99 a far higher proportion of the Council's research was undertaken in its own institutes and the trend is expected to continue.
134 Prior to 2003-04 most of CCLRC's Government funding came through the other RCs. From 2003-04 it was decided to fund CCLRC directly

£ million	2000-01 Outturn	2001-02 Outturn	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Working Provision	2006-07 Plans	2007-08 Plans	2008-09 Plans
NON SCIENCE NDPBs									
ACAS[135]									
Service Providers	26.00	28.50	32.60	37.70	38.67	41.09	40.67	39.43	40.62
Policy Advisors	1.20	1.40	1.90	2.60	2.75	2.32	3.03	2.94	3.03
Support and Ohs	4.80	4.70	6.20	7.20	7.59	5.50	5.44	5.28	5.43
Total	**32.00**	**34.60**	**40.70**	**47.50**	**49.09**	**48.91**	**49.14**	**47.65**	**49.08**
Coal Authority									
Service Providers	1.90	1.90	2.40	3.00	3.84	4.43	4.72	4.87	5.02
Policy Advisors	0.40	0.60	0.60	0.60	0.57	0.69	0.70	0.72	0.75
Support and Ohs	2.20	2.50	3.10	3.90	3.99	5.26	5.13	4.98	5.35
Total	**4.50**	**5.00**	**6.10**	**7.50**	**8.40**	**10.39**	**10.54**	**10.57**	**11.11**
Design Council									
Service Providers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Policy Advisors	7.70	6.30	5.10	4.90	3.90	3.90	3.60	3.60	3.60
Support and Ohs	1.70	1.80	1.50	1.60	2.70	2.70	2.44	2.44	2.44
Total	**9.40**	**8.10**	**6.60**	**6.50**	**6.60**	**6.60**	**6.04**	**6.04**	**6.04**
Equal Opportunities Commission									
Service Providers	2.40	2.00	2.43	2.53	2.89	3.65	3.65		
Policy Advisors	0.80	1.00	1.22	1.29	1.34	1.46	1.46		
Support and Ohs	5.20	5.80	3.70	3.10	3.71	3.32	3.32		
Total	**8.40**	**8.80**	**7.35**	**6.92**	**7.94**	**8.43**	**8.43**		
Gas Consumers Council[136]									
Service Providers		1.10							
Policy Advisors		0.10							
Support and Ohs		0.90							
Total		**2.10**							
Gas and Electricity Consumer Council[137]									
Service Providers		8.50	8.30	8.50	9.20	9.48	8.30	8.40	8.40
Policy Advisors		0.20	0.50	0.50	0.50	0.50	0.34	0.30	0.30
Support and Ohs		3.30	3.20	3.40	3.60	3.00	2.66	2.00	2.00
Total	**5.60**	**12.00**	**12.00**	**12.40**	**13.30**	**12.98**	**11.30**	**10.70**	**10.70**
National Consumer Council									
Service Providers	2.10	1.40	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Policy Advisors	0.20	1.10	1.90	1.60	1.43	1.94	1.74	1.74	1.51
Support and Ohs	1.50	2.00	1.50	2.30	2.36	1.99	1.78	1.78	1.57
Total	**3.80**	**4.50**	**3.40**	**3.90**	**3.70**	**3.93**	**3.52**	**3.52**	**3.08**
Consumer Council for Postal Services[138]									
Service Providers		3.00	2.54	3.52	3.63	3.49	3.86	3.92	3.93
Policy Advisors		4.49	3.69	3.90	3.79	3.87	3.54	3.55	3.57
Support and Ohs		2.00	1.96	2.87	3.07	3.23	2.83	2.84	2.86
Total	**1.20**	**9.49**	**8.19**	**10.29**	**10.49**	**10.59**	**10.23**	**10.31**	**10.36**
Competition Commission									
Service Providers	5.30	5.40	10.60	17.60	17.60	17.90	16.11	16.11	15.80
Policy Advisors	0.00	0.00	1.00	0.50	0.50	0.50	0.34	0.34	0.30
Support and Ohs	3.40	4.30	7.70	4.60	4.68	4.60	3.90	3.90	3.70
Total	**8.70**	**9.70**	**19.30**	**22.70**	**22.78**	**23.00**	**20.35**	**20.35**	**19.80**

135 ACAS figures exclude the costs of the Central Arbitration Committee, a tribunal NDPB
136 The Gas Consumer Council was abolished November 2000. Its work was taken over by the Gas and Electricity Consumer Council
137 Established November 2000
138 Figures are for 15 months ending March 2002 and include set up costs

£ million	2000-01 Outturn	2001-02 Outturn	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Working Provision	2006-07 Plans	2007-08 Plans	2008-09 Plans
UKAEA									
Service Providers	8.40	8.60	8.10	7.20	6.80	24.80	18.80	18.60	18.40
Policy Advisors	0.30	0.30	0.50	0.60	0.60	1.60	1.30	1.30	1.30
Support and Ohs	27.60	28.70	29.50	32.40	30.10	5.50	5.30	5.30	5.20
Total	**36.30**	**37.60**	**38.10**	**40.20**	**37.50**	**31.90**	**25.40**	**25.20**	**24.90**
NDA[139]									
Service Providers					0.00	22.09	28.68	28.68	28.68
Policy Advisors					0.99	5.94	6.10	6.10	6.10
Support and Ohs					8.33	13.22	14.21	14.21	14.21
Total					**9.32**	**41.25**	**48.98**	**48.98**	**48.98**

£ million	2000-01 Outturn	2001-02 Outturn	2002-03 Outturn	2003-04 Outturn	2004-05 Outturn	2005-06 Working Provision	2006-07 Plans	2007-08 Plans	2008-09 Plans
REGIONAL DEVELOPMENT AGENCIES									
Advantage West Midlands	8.00	9.30	10.20	17.60	11.81	20.00	20.00	20.00	20.00
East Midlands Development Agency	7.20	6.90	8.10	14.00	17.65	15.00	16.00	17.00	18.00
East of England Development Agency	4.70	6.20	12.20	8.20	10.16	11.20	10.90	10.90	10.90
North West Development Agency	14.10	19.00	27.80	39.30	40.31	38.79	38.14	37.71	37.71
One North East	10.50	11.60	18.40	17.60	21.71	22.50	22.61	22.29	22.29
South East of England Development Agency	6.10	3.30	13.50	16.20	16.31	17.80	17.90	17.80	17.80
South West of England Development Agency	8.00	9.00	9.60	15.20	13.15	19.77	21.22	22.72	23.22
Yorkshire Forward	8.30	10.80	12.30	18.00	17.32	19.51	19.29	19.10	19.00
Total	**66.90**	**76.10**	**112.10**	**146.10**	**152.50**	**164.57**	**166.06**	**167.52**	**168.92**
Total Non Science		**178.90**	**205.89**	**253.84**	**321.64**	**362.55**	**359.99**	**350.84**	**352.97**

139 The NDA expenditure in 2004-05 covers set up costs as a new body. The NDA became fully operational in April 2005

Annex B6
Senior Civil Service Salaries

Pay Range	Number of SCS staff within the Range as at 1 April 05
Below £50,000	0
£50,000 – £54,999	1
£55,000 – £59,999	27
£60,000 – £64,999	28
£65,000 – £69,999	31
£70,000 – £74,999	37
£75,000 – £79,999	31
£80,000 – £ 84,999	14
£85,000 – £89,999	16
£90,000 – £94,999	5
£95,000 – £99,999	10
£100,000 – £104,999	11
£105,000 – £109,999	6
£110,000 – £114,999	0
£115,000 – £119,999	3
£120,000 – £124,999	2
£125,000 – £129,999	1
£130,000 – £ 134,999	1
£135,000 – £139,999	1
£140,000 – £144,999	1
£145,000 – £149,999	1
£150,000 – £154,999	1

Annex B7
DTI Public Appointments

The Department of Trade and Industry (DTI) is responsible for over 60 public bodies and for various tribunals. In total DTI Ministers make around 3,000 appointments to these bodies, although this will reduce to around 1,000 after responsibility for the Employment Tribunals transfers to DCA on 1 April 2006

Typically a third of DTI's appointments come up for review each year and of those at least half will usually be considered for re-appointment.

An appointments plan setting out the DTI's strategy on public appointments can be found on the DTI website.[140]

Body/ Name of appointee	Position	Period of Current Appointment	Remuneration (£ pa)	Time Input (days pa)
Advantage West Midlands				
Nick Paul	Chairman	14/12/2005 – 13/12/2008	76,875	Part time
Richard Hyde	Member	14/12/2005 – 13/12/2008	8,153	Part time
Advisory Conciliation and Arbitration Service				
Anthony Dubbins	Member	01/05/2005 – 30/04/2008	1545.00	Part time
Rita Donaghy	Chairman	09/10/2005 – 08/10/2006	64,974.00	Part time
Sarah Veale	Member	01/05/2005 – 30/04/2008	1545.00	Part time
Simon Auerbach	Member	01/05/2005 – 30/04/2008	1545.00	Part time
Susan Jenkins	Member	01/05/2005 – 30/04/2008	1545.00	Part time
Agriculture and Environment Biotechnology Commission				
Anna Bradley	Member	31/01/2005 – 30/04/2005	4,800	Part time
David Carmichael	Member	31/01/2005 – 30/04/2005	4,800	Part time
Ed Dart	Member	31/01/2005 – 30/04/2005	4,800	Part time
Jeff Maxwell	Member	31/01/2005 – 30/04/2005	4,800	Part time
John Gilliland	Member	31/01/2005 – 30/04/2005	4,800	Part time
Justine Thornton	Member	31/01/2005 – 30/04/2005	4,800	Part time
Rosie Hails	Member	31/01/2005 – 30/04/2005	4,800	Part time
Arts and Humanities Research Council				
April McMahon	Member	11/03/2005 – 31/08/2007	6,280	Part time
Bahram Bekhradnia	Member	11/03/2005 – 31/08/2007	6,280	Part time
Brian Follett	Chairman	11/03/2005 – 30/09/2007	15,100	Part time
Felicity Goodey	Member	11/03/2005 – 31/08/2006	6,280	Part time
Felicity Riddy	Member	11/03/2005 – 31/08/2007	8,370	Part time
Graeme Barker	Member	11/03/2005 – 31/08/2006	6,280	Part time
Ivon Asquith	Member	11/03/2005 – 31/08/2007	6,280	Part time
John Caughie	Member	11/03/2005 – 31/08/2007	8,370	Part time
Lisa Jardine	Member	11/03/2005 – 31/08/2006	6,280	Part time

140 http://www.dti.gov.uk/appointments-main.html

Body/ Name of appointee	Position	Period of Current Appointment	Remuneration (£ pa)	Time Input (days pa)
Martin White	Member	11/03/2005 – 31/08/2007	6,280	Part time
Michael Worton	Member	11/03/2005 – 31/08/2006	8,370	Part time
Neil MacGregor	Member	16/03/2005 – 31/08/2006	6,280	Part time
Nicholas Kenyon	Member	11/03/2005 – 31/08/2007	6,280	Part time
Philip F Esler	Chief Executive	01/09/2005 – 31/08/2009	86,777	Full time
Rachel Cooper	Member	11/03/2005 – 31/08/2007	6,280	Part time
Biotechnology and Biological Sciences Research Council				
Alistair Penman	Member	01/04/2005 – 31/03/2008	6,280	Part time
Cheryll Tickle	Member	01/04/2005 – 31/03/2007	6,280	Part time
Malcolm Peter Weir	Member	01/04/2005 – 31/03/2008	6,280	Part time
Nancy Rothwell	Member	01/04/2005 – 31/03/2008	6,280	Part time
Quintin A McKellar	Member	01/04/2005 – 31/03/2008	6,280	Part time
Robert Freedman	Member	01/04/2005 – 31/03/2008	6,280	Part time
British Nuclear Fuels plc				
Michael Pavia	Non-executive director	01/04/2005 – 31/03/2008	25,000	Part time
James Currie	Non-executive director	31/03/2005 – 31/10/2005	25,000	Part time
Joseph Darby	Non-executive director	01/04/2005 – 31/03/2008	25,000	Part time
Business and Innovation Groups Board				
Andrew Cates	Member	30/03/2005 – 29/03/2007	4,800	Part time
Eric Peacock	Member	30/03/2005 – 29/03/2007	4,800	Part time
Central Arbitration Committee				
Arthur Lodge	Member	01/08/2005 – 31/07/2008	240 per day	Part time
Bronwyn Mckenna	Member	01/08/2005 – 31/07/2008	240 per day	Part time
Bryan Taker	Member	01/08/2005 – 31/07/2008	240 per day	Part time
Christopher Ball	Member	01/08/2005 – 31/07/2008	240 per day	Part time
Christopher Chapman	Deputy(Chairman)	01/08/2005 – 31/07/2008	425 per day	Part time
David Coates	Member	01/08/2005 – 31/07/2008	240 per day	Part time
Dennis Scard	Member	01/08/2005 – 31/07/2008	240 per day	Part time
Gail Cartmail	Member	01/08/2005 – 31/07/2008	240 per day	Part time
George Getlevog	Member	01/08/2005 – 31/07/2008	240 per day	Part time
Gerald Veart	Member	01/08/2005 – 31/07/2008	240 per day	Part time
Jill Nealon	Member	01/08/2005 – 31/07/2008	240 per day	Part time
Judith McKnight	Member	01/08/2005 – 31/07/2008	240 per day	Part time
Len Aspell	Member	01/08/2005 – 31/07/2008	240 per day	Part time
Lesley Mercer	Member	01/08/2005 – 31/07/2008	240 per day	Part time
Lynette Harris	Deputy(Chairman)	01/08/2005 – 31/07/2008	425 per day	Part time
Malcolm Wing	Member	01/08/2005 – 31/07/2008	240 per day	Part time
Michael Leahy	Member	01/08/2005 – 31/08/2008	240 per day	Part time
Michael Regan	Member	01/08/2005 – 31/07/2008	240 per day	Part time
Michael Shephard	Member	01/08/2005 – 31/07/2008	240 per day	Part time
Patricia Woods	Member	01/08/2005 – 31/07/2008	240 per day	Part time
Paul Talbot	Member	01/08/2005 – 31/07/2008	240 per day	Part time
Paul Wyatt	Member	01/08/2005 – 31/07/2008	240 per day	Part time
Peter Martin	Member	01/08/2005 – 31/07/2008	240 per day	Part time
Robert Hill	Member	01/08/2005 – 31/07/2008	240 per day	Part time
Robert Purkiss	Member	01/08/2005 – 31/07/2008	240 per day	Part time
Roderick Hastie	Member	01/08/2005 – 31/07/2008	240 per day	Part time
Roger Lyons	Member	01/08/2005 – 31/07/2008	240 per day	Part time
Roger Roberts	Member	01/08/2005 – 31/08/2008	240 per day	Part time
William Lockie	Member	01/02/2005 – 31/07/2008	240 per day	Part time

Body/ Name of appointee	Position	Period of Current Appointment	Remuneration (£ pa)	Time Input (days pa)
Civil Nuclear Police Authority				
Elizabeth Neville	Member	23/03/2005 – 31/03/2008	17,500	Part time
John McNeill	Member	23/03/2005 – 22/03/2010	10,000	Part time
Melvyn Smith	Chairman	23/03/2005 – 31/03/2009	25,000	Part time
Coal Authority				
Barrie Jones	Member	01/04/2005 – 30/09/2009	10,722	Part time
John Hawksley	Member	01/04/2005 – 30/09/2008	10,722	Part time
Competition Commission				
Alan Gregory	Member	10/09/2005 – 09/09/2009	23,400	Part time
Alan Hamlin	Member	10/09/2005 – 09/09/2009	23,400	Part time
Alexander Johnston	Member	01/04/2005 – 31/03/2013	23,400	Part time
Anthony Stern	Member	01/04/2005 – 31/03/2013	23,400	Part time
Barbara Donoghue	Member	01/04/2005 – 31/03/2013	23,400	Part time
Barbara Mills	Member	10/09/2005 – 09/09/2009	23,400	Part time
Carolan Dobson	Member	01/04/2005 – 31/03/2013	23,400	Part time
Catherine Waddams	Member	10/09/2005 – 09/09/2009	23,400	Part time
Charles Henderson	Member	04/01/2005 – 30/06/2006	23,400	Part time
Christopher Darke	Member	01/02/2005 – 31/07/2005	11,700	Part time
Christopher Goodall	Member	10/09/2005 – 09/09/2009	23,400	Part time
Christopher Smallwood	Member	10/09/2005 – 09/09/2009	23,400	Part time
David Newkirk	Member	01/04/2005 – 30/09/2005	23,400	Part time
Diane Coyle	Member	10/09/2005 – 09/09/2009	23,400	Part time
Fiona Woolf	Member	01/04/2005 – 31/03/2013	23,400	Part time
Ian Jones	Member	01/04/2005 – 31/03/2013	23,400	Part time
Ivar Grey	Member	01/04/2005 – 31/03/2013	23,400	Part time
Jayne Almond	Member	01/04/2005 – 31/03/2013	23,400	Part time
Jeremy Peat	Member	01/04/2005 – 31/03/2013	23,400	Part time
Jill Hill	Member	01/04/2005 – 31/03/2013	23,400	Part time
John Collings	Member	10/09/2005 – 09/09/2009	23,400	Part time
John Cubbin	Member	01/09/2005 – 31/08/2013	23,400	Part time
John Smith	Member	01/04/2005 – 31/03/2013	23,400	Part time
Jonathan Haskel	Member	10/09/2005 – 09/09/2009	23,400	Part time
Jonathan Whiticar	Member	01/04/2005 – 31/03/2013	23,400	Part time
Laura Carstensen	Member	01/04/2005 – 31/03/2013	23,400	Part time
Laurence Elks	Member	10/09/2005 – 09/09/2009	23,400	Part time
Mahendra Raj	Member	01/04/2005 – 31/03/2013	23,400	Part time
Michael Waterson	Member	01/04/2005 – 31/03/2013	23,400	Part time
Peter Jones	Member	01/04/2005 – 31/03/2013	23,400	Part time
Peter Moizer	Member	10/09/2005 – 09/09/2009	23,400	Part time
Peter Stoddart	Member	10/09/2005 – 09/09/2009	23,400	Part time
Pulyur Sudarsanam	Member	01/04/2005 – 31/03/2013	23,400	Part time
Richard Farrant	Member	01/04/2005 – 31/03/2013	23,400	Part time
Richard Holroyd	Member	10/09/2005 – 09/09/2009	23,400	Part time
Richard Rawlinson	Member	04/01/2005 – 31/08/2005	23,400	Part time
Richard Taylor	Member	01/04/2005 – 31/03/2013	23,400	Part time
Rob Murray	Member	01/04/2005 – 31/03/2013	23,400	Part time
Roger Davis	Member	01/04/2005 – 31/03/2013	23,400	Part time
Sarah Brown	Member	31/03/2005 – 30/06/2006	23,400	Part time
Stephen Walzer	Member	10/09/2005 – 09/09/2009	23,400	Part time
Stephen Wilks	Member	10/09/2005 – 09/10/2009	23,400	Part time

Body/ Name of appointee	Position	Period of Current Appointment	Remuneration (£ pa)	Time Input (days pa)
Consumer Council for Postal Services				
Charles Winstanley	Member	02/12/2005 – 30/11/2008	26,790	Part time
Clara Arokiasamy	Member	21/04/2005 – 23/06/2006	6,300	Part time
David Bland	Member	01/11/2005 – 31/10/2008	32,675	Part time
Urmilla Banerjee	Chairman	01/12/2005 – 30/11/2008	46,000	Part time
Council for the Central Laboratory of the Research Council				
David Harold Saxon	Member	01/04/2005 – 31/03/2008	6,280	Part time
Derek Chadwick	Member	01/04/2005 – 31/03/2008	6,280	Part time
Graeme Davies	Chairman	01/10/2005 – 31/12/2006	15,100	Part time
John Wood	Chief Executive	01/04/2005 – 31/03/2008	102,459	Full time
Keith Burnett	Member	01/04/2005 – 31/03/2008	6,280	Part time
Philip Duncan Greenish	Member	01/04/2005 – 31/03/2008	6,280	Part time
P L Marshall Davies	Member	01/08/2005 – 31/03/2008	6,280	Part time
Design Council				
Bonnie Dean	Member	01/01/2005 – 31/12/2007	0	Part time
Chris Wise	Member	01/01/2005 – 31/12/2006	0	Part time
Geoff Kirk	Member	01/01/2005 – 31/12/2007	0	Part time
Hamish Bryce	Member	01/01/2005 – 31/12/2005	0	Part time
John Hazelwood	Member	01/01/2005 – 31/12/2005	0	Part time
John Hollar	Member	01/01/2005 – 31/12/2006	0	Part time
Paul Priestman	Member	01/01/2005 – 31/12/2006	0	Part time
Penny Egan	Member	01/01/2005 – 31/12/2005	0	Part time
Richard Williams	Member	01/01/2005 – 31/12/2007	0	Part time
Stuart MacDonald	Member	01/01/2005 – 31/12/2006	0	Part time
DTI Audit Committee				
Barry Rourke	Member	30/03/2005 – 29/03/2007	4,800	Part time
East Midlands Development Agency				
Neville Jackson	Member	14/12/2005 – 13/12/2008	8,153	Part time
Parvin Ali	Member	14/12/2005 – 13/12/2008	8,153	Part time
Ross Willmott	Member	14/12/2005 – 13/12/2008	8,153	Part time
Stan Crawford	Member	14/12/2005 – 13/12/2008	8,153	Part time
East of England Development Agency				
Bryony Rudkin	Member	14/12/2005 – 13/12/2008	8,153	Part time
George Kieffer	Deputy(Chairman)	14/12/2005 – 13/12/2008	16,305	Part time
Stephen Castle	Member	14/12/2005 – 13/12/2008	8,153	Part time
Economic and Social Research Council				
Carol Propper	Member	01/08/2005 – 31/07/2008	6,280	Part time
Charles Adrian Jeffery	Member	01/08/2005 – 31/07/2008	6,280	Part time
Fiona Devine	Member	01/08/2005 – 31/07/2007	6,280	Part time
Engineering and Physical Science Research Council				
Colin Robert Harrison	Member	01/04/2005 – 31/03/2008	6,280	Part time
Joanna Kennedy	Member	01/04/2005 – 31/03/2006	6,280	Part time
John Archer	Member	01/04/2005 – 30/09/2006	6,280	Part time
John O'Reilly	Chief Executive	01/10/2005 – 30/09/2008	119,318	Full time
Susan (Sue) Elizabeth Ion	Member	01/04/2005 – 31/03/2009	6,280	Part time
William Arnot Bill Wakeham	Member	01/04/2005 – 31/03/2009	6,280	Part time
Equal Opportunities Commission				
Catherine Brown	Member	01/04/2005 – 31/03/2008	1,920	Part time
Deborah Mattinson	Member	25/02/2005 – 24/02/2008	1,920	Part time
Evelyn Asante-Mensah	Member	01/04/2005 – 31/03/2008	1,920	Part time

Body/ Name of appointee	Position	Period of Current Appointment	Remuneration (£ pa)	Time Input (days pa)
Frances Hasler	Member	01/04/2005 – 31/03/2008	1,920	Part time
Jenny Watson	Chairman	10/11/2005 – 30/10/2008	96,600	Part time
Julie Mellor	Chairman	01/02/2005 – 13/07/2005	131,250	Part time
Kay Carberry	Member	04/05/2005 – 04/05/2007	1,920	Part time
Mohammed Aziz	Member	04/05/2005 – 03/05/2008	1,920	Part time
Neil Wooding	Member	01/06/2005 – 31/05/2008	1,920	Part time
Ethnic Minority Business Forum				
Adeeba Malik	Chairman	02/07/2005 – 01/07/2007	4,800	Part time
Afzal Akram	Member	01/04/2005 – 31/03/2007	4,800	Part time
Askar Sheibani	Member	02/07/2005 – 01/04/2006	4,800	Part time
Brian Wong	Member	01/04/2005 – 31/03/2007	4,800	Part time
Claudine Reid	Member	01/04/2005 – 31/03/2007	4,800	Part time
Leslie Fairclough	Member	02/07/2005 – 01/04/2006	4,800	Part time
Mei Sim Lai	Member	02/07/2005 – 01/04/2006	4,800	Part time
Mohamed Isap	Member	02/07/2005 – 01/04/2006	4,800	Part time
Monder Ram	Member	03/07/2005 – 02/04/2006	4,800	Part time
Nasir Ilyas	Member	01/04/2005 – 31/03/2007	4,800	Part time
Numan Azmi	Member	02/07/2005 – 01/04/2006	4,800	Part time
Sandra Croasdale	Member	01/04/2005 – 31/03/2007	4,800	Part time
Syed Haider Imam	Member	02/07/2005 – 01/04/2006	4,800	Part time
Executive Board				
Brian Woods-Scawen	Member	30/03/2005 – 29/03/2007	9,600	Part time
Fuel Poverty Advisory Group				
Peter Lehmann	Chairman	02/01/2005 – 31/03/2006	0	Part time
Gas and Electricity Markets Authority				
Judith Hanratty	Non-executive director	01/01/2005 – 31/12/2007	20,000	Part time
Len Waverman	Non-executive director	16/05/2005 – 16/05/2007	20,000	Part time
Gas and Electricity Consumer Council				
Andrew Horsler	Member	01/04/2005 – 31/03/2008	8,000	Part time
Brian Saunders	Member	01/04/2005 – 31/03/2009	8,000	Part time
Charles Coulthard	Member	01/04/2005 – 31/03/2009	11,250	Part time
John Howard	Member	01/04/2005 – 31/03/2009	8,000	Part time
Julian Salisbury	Member	01/04/2005 – 31/03/2009	11,250	Part time
Krishna Sarda	Member	01/09/2005 – 31/03/2009	8,000	Part time
Sharon Darcy	Member	01/04/2005 – 31/03/2008	8,000	Part time
Timothy Cole	Member	01/04/2005 – 31/03/2008	8,000	Part time
Hearing Aid Council				
Deepak Prasher	Member	01/01/2005 – 31/12/2007	1,375	Part time
Norma Brook	Member	01/01/2005 – 31/12/2007	4,725	Part time
Industrial Development Advisory Board				
Peter Allen	Member	01/07/2005 – 30/06/2008	0	Part time
Investment Committee				
Rosamund Blomfield-Smith	Member	30/03/2005 – 29/03/2007	4,800	Part time
Sandy (Alastair) Muirhead	Member	30/03/2005 – 29/03/2007	4,800	Part time
London and South East Regional Industrial Development Board				
Helen Sasson	Member	01/01/2005 – 31/12/2007	0	Part time
Peter Edwin Croucher	Member	01/01/2005 – 31/12/2007	0	Part time
Thomas William Cohen	Member	01/01/2005 – 31/12/2007	0	Part time
Low Pay Commission/National Minimum Wage				
Adair Turner	Chairman	01/06/2005 – 31/05/2006	493 per day	Part time
Angela Risley	Member	01/06/2005 – 31/05/2008	219 per day	Part time

Body/ Name of appointee	Position	Period of Current Appointment	Remuneration (£ pa)	Time Input (days pa)
Heather Wakefield	Member	01/07/2005 – 30/06/2008	219 per day	Part time
Measurement Advisory Committee				
Alan Johnson	Member	01/04/2005 – 31/03/2008	0	Part time
Isobel Pollock	Member	01/04/2005 – 31/03/2008	0	Part time
John Latham	Member	01/04/2005 – 31/03/2008	0	Part time
Ken Grattan	Member	01/04/2005 – 31/03/2008	0	Part time
Les Barclay	Chairman	01/04/2005 – 31/03/2008	0	Part time
Les Ebdon	Member	01/07/2005 – 30/06/2008	0	Part time
Matthew Reed	Member	01/04/2005 – 31/03/2008	0	Part time
Peter Cowley	Member	01/04/2005 – 31/03/2008	0	Part time
Roger Jones	Member	01/04/2005 – 31/03/2008	0	Part time
Steve Lower	Member	01/04/2005 – 31/03/2008	0	Part time
Steven Bowns	Member	01/04/2005 – 31/03/2008	0	Part time
Terry Wilkins	Member	01/04/2005 – 31/03/2008	0	Part time
Medical Research Council				
Harry Burns	Member	01/09/2005 – 31/08/2009	0	Part time
Henrietta Campbell	Member	01/09/2005 – 31/08/2008	0	Part time
John Savill	Member	01/08/2005 – 31/03/2007	8,370	Part time
Kay Davies	Member	01/08/2005 – 31/03/2008	6,280	Part time
Lefkos T Middleton	Member	01/08/2005 – 31/03/2009	6,280	Part time
Michael James Brooks	Member	01/04/2005 – 31/03/2009	6,280	Part time
Natural Environment Research Council				
Alan John Thorpe	Chief Executive	01/04/2005 – 31/03/2009	94,618	Full Time
Alastair H Fitter	Member	01/08/2005 – 31/07/2008	6,280	Part time
Edwin Jenner	Member	01/04/2005 – 31/07/2008	6,280	Part time
Huw Cathan Davies	Member	01/08/2005 – 31/07/2008	6,280	Part time
Karen Morgan	Member	01/08/2005 – 31/07/2008	6,280	Part time
Trevor Davies	Member	01/08/2005 – 31/07/2008	6,280	Part time
North East Industrial Development Board				
David Peter Armstrong	Member	01/07/2005 – 30/08/2008	0	Part time
William David Naylor	Member	01/07/2005 – 30/08/2008	0	Part time
North West Development Agency				
Bryan Gray	Chairman	01/04/2005 – 13/12/2008	76,875	Part time
Marie Rimmer	Member	14/12/2005 – 13/12/2008	8,153	Part time
Maureen Williams	Member	14/12/2005 – 13/12/2008	8,153	Part time
North West Industrial Development Board				
Cridland Robin	Member	01/01/2005 – 31/12/2007	0	Part time
Richard Galloway	Member	01/01/2005 – 31/12/2007	0	Part time
OFCOM				
Richard Hooper	Deputy Chair	30/09/2005 – 30/12/2005	80,176	Part time
Stephanie Liston	Member	01/09/2005 – 31/08/2008	40,206	Part time
Office of Fair Trading Board				
John Fingleton	Chief Executive	01/10/2005 – 30/09/2009	250,0000	Full time
Philip Collins	Chairman	01/10/2005 – 30/09/2009	160,000	Part time
One North East				
Christine Smith	Deputy(Chairman)	14/12/2005 – 13/12/2008	16,305	Part time
Ian Brown	Member	14/12/2005 – 13/12/2008	8,153	Part time
John Shipley	Member	14/12/2005 – 13/12/2008	8,153	Part time
Kevin Rowan	Member	14/12/2005 – 13/12/2007	8,153	Part time

Body/ Name of appointee	Position	Period of Current Appointment	Remuneration (£ pa)	Time Input (days pa)
Particle Physics and Astronomy Research Council				
Colin Paynter	Member	01/04/2005 – 31/03/2009	6,280	Part time
James Hough	Member	01/04/2005 – 31/03/2009	6,280	Part time
John Charles Zarnecki	Member	01/04/2005 – 31/03/2009	6,280	Part time
John Christopher Inkson	Member	01/07/2005 – 30/06/2007	6,280	Part time
Keith Mason	Chief Executive	01/08/2005 – 31/07/2009	94,618	Full time
Keith Mason	Member	01/04/2005 – 31/07/2005	6,120	Part time
Peter Warry	Chairman	01/11/2005 – 31/10/2007	15,100	Part time
Trevor Cross	Member	01/04/2005 – 31/03/2009	6,280	Part time
Performance Monitoring Committee				
Barbara Thomas	Member	30/03/2005 – 29/03/2007	4,800	Part time
Janet Soo-Chung	Member	30/03/2005 – 29/03/2007	4,800	Part time
Mike Jeans	Member	30/03/2005 – 29/03/2007	4,800	Part time
Persons Hearing Consumer Credit Licensing Appeals				
Ralph Wynne-Griffiths	Chairman	28/11/2005 – 15/10/2006	5,000	Part time
Persons Hearing Estate Agents Appeals				
Ralph Wynne-Griffiths	Chairman	28/11/2005 – 15/10/2006	5,000	Part time
Postal Services Commission				
Robin Aaronson	Member	31/05/2005 – 30/11/2006	15,721	Part time
Wanda Goldwag	Member	11/04/2005 – 10/04/2008	20,000	Part time
Renewables Advisory Board				
Alan Moore	Member	04/11/2005 – 03/11/2007	0	Part time
Brian Smith	Member	04/11/2005 – 03/11/2006	0	Part time
Chris Morris	Member	04/11/2005 – 03/11/2007	0	Part time
David James Williams	Member	04/11/2005 – 03/11/2007	0	Part time
David Still	Member	04/11/2005 – 03/11/2007	0	Part time
Jeremy Leggett	Member	04/11/2005 – 03/11/2006	0	Part time
Ray Noble	Member	04/11/2005 – 03/11/2006	0	Part time
Robert Hastings	Member	04/11/2005 – 03/11/2008	0	Part time
Simon Roberts	Member	04/11/2005 – 03/11/2008	0	Part time
Tariq Ali	Member	04/11/2005 – 03/11/2008	0	Part time
Resources Committee				
Claire Ighodaro	Member	30/03/2005 – 29/03/2007	9,600	Part time
David Weymouth	Member	30/03/2005 – 29/03/2007	9,600	Part time
Jean Irvine	Member	30/03/2005 – 29/03/2007	9,600	Part time
Small Business Council				
Julie Kenny	Chairman	01/07/2005 – 30/06/2007	0	Part time
Small Business Investment Task Force				
Mike Young	Member	01/10/2005 – 30/09/2006	4,800	Part time
Peter Ibbetson	Member	01/10/2005 – 30/09/2006	4,800	Part time
Ray Perman	Chairman	23/05/2005 – 22/05/2008	4,800	Part time
Sarabjeet Soar	Member	01/10/2005 – 30/09/2006	4,800	Part time
Steven Walker	Member	01/10/2005 – 30/09/2006	4,800	Part time
South East England Development Agency				
James Brathwaite	Chairman	14/12/2005 – 13/12/2008	76,875	Part time
John Peel	Member	14/12/2005 – 13/12/2008	8,153	Part time
Keith House	Member	14/12/2005 – 13/12/2008	8,153	Part time
Poul Christensen	Member	14/12/2005 – 13/12/2008	8,153	Part time
Sarah Hohler	Member	14/12/2005 – 13/12/2006	8,153	Part time
Terry Mills	Member	14/12/2005 – 13/12/2007	8,153	Part time

Body/ Name of appointee	Position	Period of Current Appointment	Remuneration (£ pa)	Time Input (days pa)
South West Industrial Development Board				
Anne Elizabeth Blunn	Member	01/01/2005 – 31/12/2007	0	Part time
Ian Robert Douglas	Member	01/01/2005 – 31/12/2007	0	Part time
James Andrew William Barnard	Member	01/01/2005 – 31/12/2007	0	Part time
Kenneth Burrows	Member	01/01/2005 – 31/12/2007	0	Part time
Robin Ashley Sutton	Member	01/01/2005 – 31/12/2007	0	Part time
Terence Alan Slater	Chairman	01/01/2005 – 31/12/2007	0	Part time
South West of England Regional Development Agency				
Eric Thomas	Member	14/12/2005 – 13/12/2008	8,153	Part time
Henry Studholme	Member	14/12/2005 – 13/12/2008	8,153	Part time
Jonathan Porritt	Member	14/12/2005 – 13/12/2008	8,153	Part time
Judith Reynolds	Member	14/12/2005 – 13/12/2008	8,153	Part time
Juliet Williams	Chairman	14/12/2005 – 13/12/2008	76,875	Part time
Kelvyn Derrick	Member	14/12/2005 – 13/12/2008	8,153	Part time
Nigel Costley	Member	14/12/2005 – 13/12/2008	8,153	Part time
Strategy Board				
John Hood	Member	30/03/2005 – 29/03/2007	4,800	Part time
Martin Read	Member	30/03/2005 – 29/03/2007	4,800	Part time
Paul Gates	Member	30/03/2005 – 29/03/2007	4,800	Part time
Rana Talwar	Member	30/03/2005 – 29/03/2007	4,800	Part time
UK Chemical Weapons Convention National Authority Advisory Committee				
Tony Bastock	Chairman	18/05/2005 – 17/05/2009	0	Part time
Union Modernisation Fund				
Adrian Askew	Member	01/09/2005 – 31/08/2008	200per day	Part time
Bill Connor	Chairman	01/09/2005 – 31/08/2008	250 per day	Part time
Danny Carrigan	Member	01/09/2005 – 31/08/2008	200per day	Part time
David Metclaf	Member	01/09/2005 – 31/07/2008	200per day	Part time
Jeannie Drake	Member	01/09/2005 – 31/08/2008	200per day	Part time
Judith Hackitt	Member	01/09/2005 – 31/08/2008	200per day	Part time
William Brown	Member	01/09/2005 – 31/08/2008	200per day	Part time
United Kingdom Atomic Energy Authority				
Alan Moffat Young	Non-executive director	01/04/2005 – 31/03/2006	15,000	Part time
John Kennedy	Non-executive director	01/06/2005 – 31/05/2008	25,000	Part time
John Macpherson	Non-executive director	30/04/2005 – 31/10/2005	15,000	Part time
Ken Vowles	Non-executive director	30/04/2005 – 30/10/2008	25,000	Part time
Mark Slaughter	Non-executive director	04/04/2005 – 03/04/2008	25,000	Part time
West Midlands Industrial Development Board				
Christine Braddock	Member	01/01/2005 – 31/12/2007	0	Part time
Danian Sarah Saveker	Member	01/01/2005 – 31/12/2007	0	Part time
Paul Leonard Stoneman	Member	01/01/2005 – 31/12/2007	0	Part time
Womens National Commission				
Ann Hope	Member	24/01/2005 – 23/01/2007	0	Part time
Barbara Erwin	Member	25/01/2005 – 24/01/2007	0	Part time
Bell Ranjana	Member	24/01/2005 – 23/01/2007	0	Part time
Brenda King	Member	24/01/2005 – 23/01/2007	0	Part time
Farkhanda Chaudhry	Member	24/01/2005 – 23/01/2007	0	Part time
Liz Kelly	Member	24/01/2005 – 23/01/2007	0	Part time
Mandana Hendessi	Member	24/01/2005 – 23/01/2007	0	Part time
Margaret Prosser	Chairman	01/12/2005 – 30/11/2008	10,000	Part time
Pemberton Carrie	Member	24/01/2005 – 23/01/2007	0	Part time

Body/ Name of appointee	Position	Period of Current Appointment	Remuneration (£ pa)	Time Input (days pa)
Yorkshire Forward				
John Napier	Member	14/12/2005 – 13/12/2008	8,153	Part time
Julie Kenny	Member	14/12/2005 – 13/12/2008	8,153	Part time
Kathryn Pinnock	Member	14/12/2005 – 13/12/2008	8,153	Part time
Yorkshire/Humberside and East Midlands, Industrial Development Board				
Christopher Fitzpatrick	Member	01/01/2005 – 31/12/2007	0	Part time
Martin Pick	Member	01/01/2005 – 31/12/2007	0	Part time
Michael Alan Sharp	Member	01/01/2005 – 31/12/2007	0	Part time
William Newcomb	Member	01/01/2005 – 31/12/2007	0	Part time
Zulfiqar Hussain	Chairman	01/01/2005 – 31/12/2007	0	Part time

Annex C

Managing the Department

C1 Electronic Service Delivery

C2 Better Regulation

C3 Invest and Asset Management

C4 Capital Modernisation Fund

C5 Invest to Save Budget

C6 Public Accounts Committee Reports

C7 Environmental Performance

C8 Health and Safety Report

Annex C1
Electronic Service Delivery

Service	E-enabled at end 2005	To be E-enabled
SMALL BUSINESS SERVICE:		
The national **Business Link e-channel** – website[141] and distributed call system (0845 6009006) – plays a pivotal role in the delivery of joined-up Government information and support services to SMEs.	✔	
Business Support Directory[142] – information on a range of support products available from Government for business	✔	
Grant for Research and Development (formerly Smart):		
▼ Dedicated web pages[143] – application forms and guidance notes can be downloaded and hard copies of literature and forms can be ordered.	✔	
▼ Electronic payment of Grant for R&D and on-going Smart grant instalments.	✔	
Grant for Investing in an Innovative idea[144]	✔	
Benchmark Index[145]	✔	
Knowledge Transfer Partnerships[146] – information and application forms	✔	
STEP[147]	✔	
Small Firms Loan Guarantee[148] (SFLG):		
Web page with scheme details on the DTI and Businesslink websites	✔	
Booklet available as a download from the DTI website	✔	
Communication via email for borrowers and lenders	✔	
Most payments under guarantee made to lenders by BACS	✔	
Ongoing premium payments for large loans made electronically by Direct Debit	✔	
REGIONAL SELECTIVE ASSISTANCE (RSA)		
Scheme now closed to new applications – ongoing grant instalments made electronically via BACS	✔	
Enterprise Grants		
Scheme now closed to new applications – ongoing grant instalments made electronically via BACS	✔	
THE PATENT OFFICE[149]**:**		
Renewals of Patents (receipt of applications and issuing certificate)	✔	
Renewals of Trade Marks and Designs (receipt of applications and issuing certificate)	✔	
New applications for Trade Marks	✔	
New applications for Patents	✔	
General public search facility (Patents, Trade Marks and Designs)	✔	

141 www.businesslink.gov.uk
142 www.businesslink.gov.uk/support
143 www.businesslink.gov.uk/r-d
144 www.dti.gov.uk/innovative-idea
145 www.benchmarkindex.com
146 www.ktponline.org.uk
147 www.step.org.uk
148 www.businesslink.gov.uk/sflg ; www.dti.gov.uk/sflg
149 www.patent.gov.uk

Service	E-enabled at end 2005	To be E-enabled
WEIGHTS AND MEASURES[150]:		
Online services primarily aimed at stakeholders involved in the weighing and measuring industry, plus information for consumers	✔	
SCIENTIFIC RESEARCH:		
Information on opportunities in scientific research and training and on **Research Council[151]** portfolios	✔	
Scientific Research Grant Services	✔	
Scientific Research Administration Programme	✔	
SCIENCE & TECHNOLOGY:		
The Office of Science & Technology (OST) promotes UK science and technology through a variety of on-line channels[152]	✔	
Global Watch Service:		
The '**Globalwatchonline**' website[153] provides UK businesses with up to the minute data on technology developments worldwide	✔	
BIOTECHNOLOGY:		
Provision of information about biotechnology and the delivery of Government services to biotechnology companies through the '**i-bio**'[154] biotechnology portal.	✔	
CONSUMER ADVICE:		
'**Consumer Direct**' national consumer helpline – National Website[155] and regionally based national telephone helpline.	✔	
Consumer Support Network (CSN)[156] – online service aimed at advice providers	✔	
National Debtline – website[157] and call service (0808 808 4000)	✔	
ENERGY GROUP[158]:		
Energy statistics	✔	
Domestic fuels data	✔	
Quarterly fuels data	✔	
Fuel stocks – key data	✔	
On-line consultations	✔	
Overhead line applications	✖	✔
Way-leave applications [Services delayed beyond end-2005 to ensure adequate consultation and phased delivery of services.]	✖	✔
Energy Reserves and Development[159]:		
Well Operations and Notifications System.	✔	
Emissions reporting[160]	✔	

150 www.nwml.gov.uk
151 www.research-councils.ac.uk; www.bbsrc.ac.uk; www.cclrc.ac.uk; www.epsrc.ac.uk; www.esrc.ac.uk; www.mrc.ac.uk; www.nerc.ac.uk; www.pparc.ac.uk; www.ahrc.ac.uk
152 www.ost.gov.uk; www.foresight.gov.uk; www.set4women.gov.uk; www.cst.gov.uk
153 www.globalwatchonline.com
154 www.i-bio.gov.uk
155 www.consumerdirect.gov.uk
156 www.csnconnect.org.uk
157 www.nationaldebtline.co.uk
158 www.dti.gov.uk/energy/inform
159 www.og.dti.gov.uk
160 www.eems-database.co.uk

Service	E-enabled at end 2005	To be E-enabled
UK Oil Portal[161]		
a) Supply chain database	✔	
b) Public release of data	✔	
c) Environmental consents	✔	
d) Decommissioning North Sea platforms	✔	
e) Pipeline consents [Planned rollout beyond end 2005]	✖	✔
f) Awarding North Sea licences	✔	
g) Environmental inspections	✔	
h) North Sea production reporting	✔	
i) Security of Supply	✔	
j) Produced Water Trading [Service under review]	✖	✔
k) Web services	✔	
COAL HEALTH CLAIMS[162]**:**		
Information about compensation schemes; claims processing	✔	
EXPORT LICENCES[163]**:**		
Issue of Standard Individual Export Licences	✔	
Issue of Open Individual Export Licences		
[The majority of OIELs applications are already received electronically on disc.]	✖ (Part)	✔
EMPLOYMENT RELATIONS:		
ER website[164] provides information for employers, workers, advisers and researchers on a broad range of employment relations topics.	✔	
Basic information targeted at smaller employers available through Busineslink.gov[165]	✔	
Basic information targeted at employees available through Directgov[166]	✔	
Work-Life Balance Campaign[167] **–** information and case studies on work-life issues.	✔	
Employment Agency Standards[168] Information for workers, agencies and related organisations	✔	
Electronic complaints service	✔	
EMPLOYMENT TRIBUNALS[169]**:**		
Applications to employment tribunals	✔	
ADVISORY, CONCILIATION & ARBITRATION SERVICE[170]**:**		
On-line request for assistance via e-mail communication direct with ACAS staff (individual and collective conciliation and advice)	✔	
Web-based provision of ACAS free publications on good practice	✔	
Web-based provision of ACAS priced publications on good practice	✔	
Web-based service to purchase ACAS publications on-line	✔	
Foreign language versions of core ACAS publications on the website	✔	
ACAS Arbitration Scheme for unfair dismissal cases	✔	
Web-based service to allow on-line bookings for ACAS events	✔	

161 www.og.dti.gov.uk/portal
162 www.dti.gov.uk/coalhealth ; www.coalclaims.com
163 ww.elvis.dti.gov.uk
164 www.dti.gov.uk/er
165 www.businesslink.gov.uk
166 http://www.direct.gov.uk/Employment/Employees/fs/en
167 www.womenandequalityunit.gov.uk/work_life/work_life_balance
168 www.dti.gov.uk/er/agency
169 www.employmenttribunals.gov.uk
170 www.acas.org.uk

Service	E-enabled at end 2005	To be E-enabled
Dispute and problem solving service	✔	
Web-based "helpline"	✔	
Web-based on-line learning facility for ACAS courses on good employment practice.	✔	
National telephone helpline service (08457 47 47 47)	✔	
TIGER[171] – Tailored Interactive Guidance on Employment Rights. Interactive guidance on specific areas of rights/obligations, enabling users to access only the information that relates to their own needs and circumstances.	✔	
INSOLVENCY SERVICE[172]**:**		
Web-based interactive questionnaire for citizens.	✔	
Electronic petition for bankruptcy	✔	
On-line information service (with links to publications in Urdu and Chinese)	✔	
Online access for the Insolvency Practitioners (IP's) to view the estate accounts of insolvents whose affairs are being dealt with by the IP's	✔	
Full e-Banking service [Timing dependent on replacement of financial systems.]	✖	✔
Online access for citizens and businesses to the Individual Insolvency Register (IIR)	✔	
Redundancy Payments Interactive ready reckoner for calculating entitlement[173].	✔	
E-processing services for Insolvency Practitioners. Application forms are available electronically. Payment is already electronic, via BACS. Full e-processing service under development.	✖ (Part)	✔
COMPANIES HOUSE[174]**:**		
Free information available on company details and disqualified directors	✔	
Chargeable information for all company data and documents purchasable on account via subscription service[175]	✔	
Key company information (accounts, annual return, company reports) purchasable on a web site by credit card	✔	
Bulk electronic information (data and images) supplied to major customers on tape	✔	
New company incorporations via company agents.		
Electronic receipt of statutory information, including:		
a) annual returns	✔	
b) accounts	✔	
c) changes to company and director details	✖	
d) registration of mortgage charges [Timing dependent on legislative plans of the land Registries of both England & Wales and Scotland. Facility for a limited number of high volume presenters already exists.]	(Part)	
Provision of forms	✔	
Electronic correspondence:		
E-mail addresses for key, named individuals available now on web site and Call Centre handles general email correspondence.	✔	
Totals	No of Enabled Services = **83** ESD Capability = **91%**	No of Enabled Services = **91** ESD Capability = **100%**

*Where a unit /organisation delivers more than one service, they are separated by dotted lines.

171 www.tiger.gov.uk
172 www.insolvency.gov.uk; www.insolvencydirect.gov.uk
173 www.dti.gov.uk/er/redundancy/ready
174 www.companieshouse.gov.uk
175 www.direct.companieshouse.gov.uk

Annex C2
Better Regulation

Better Regulation

Better regulation is a key Department priority. Enshrined in our Five-Year Programme, it is essential to the Department's re-focussed goals (creating the conditions for business success and preparing for globalisation) and is one of the top priorities of the Permanent Secretary, Sir Brian Bender.

Culture change

The NAO[176] acknowledged that the Department has a better regulation-promoting culture. Challenge structures set up in 2005 include the Ministerial Challenge Panel, chaired by the Minister for Competitiveness; and the Department's Better Regulation Programme Board chaired by the Fair Markets Director General. Both include representation from business, the Better Regulation Executive[177], the Better Regulation Commission[178], and other Government Departments. These ensure independent external scrutiny of upcoming policy and regulatory proposals, and of the Department's better regulation programme.

The Better Regulation Team plays a challenge role, monitoring and scrutinising policy and regulatory processes. This role is to be re-enforced in 2006 for an increasingly strategic and targeted approach.

More will be done in 2006 with a new better regulation culture change plan. The Department's vision for culture change is to achieve an open and accessible Department for business, which supports and works for proportionate, intelligent regulation; and challenges unnecessary burdens. This will be achieved through better policy making (regulation as last resort, consultative, transparent, evidence-based), corporate discipline and professional skills (economics, law, project management, greater interchange between business and government).

Policy development and Regulatory Impact Assessment (RIA)

RIAs were produced in DTI for all 2005 proposals that have an impact on business, charity or the voluntary sector. The NAO praised the Department for its strengths in consultation, evaluation of economic impacts, and cost benefit analysis.[179]

176 NAO Evaluation of Regulatory Impact Assessment 2005-6
177 Better Regulation Executive, http://www.cabinetoffice.gov.uk/regulation/about_us/index.asp
178 Better Regulation Commission (BRC), independent independent advisory body, http://www.brc.gov.uk/about_us/
179 NAO Evaluation of Regulatory Impact Assessment 2005-6, DTI Management Letter

Through a new pro-active monitoring approach The Department's Better Regulation Team reviewed RIAs for all major proposals. This monitoring work means RIAs are produced earlier, and helps identify proposals for discussion at the DTI Ministerial Challenge Panel or for clearance by the Ministerial Panel for Regulatory Accountability (PRA). Common commencement dates were extended to all the Department's policy areas at the start of 2006.[180] And the Department is chairing a Whitehall sub-group with the aim of simplifying and updating Cabinet Office guidance on RIAs, including reference to administrative burdens. The monitoring process will be revised and improved in 2006 for stronger relationship-building throughout the Department and enhanced sectoral focus.

Evaluation is a key focus. The Better Regulation Team sponsored an MBA project[181] in 2005, which looked at how the Department uses evaluation. It showed that currently one in three of the Department's evaluations concerns regulation. Areas where evaluation is particularly strong include employment relations, consumer and competition policy and company law.

Consultation & stakeholder engagement

CONSULTATIONS	
Total consultations[182]	47
Compliant with Cabinet Office Code of Practice 12-week rule applied or permissible exceptions: supplementary re-consultations or Ministerial authorisation	43
Lasted 12-weeks or more	38
Ministerial authorisation for shorter consultation[183]	2
Re-Consultations[184]	2
Non-compliant (all exemption or revocation notices)	4
Compliant with the Department's consultation template[185]	39
Two or more consultation methods used	42

Over 90% of the Department's consultations complied with the Cabinet Office code of practice. The four out of 43 that did not were all exemption or revocation notices.[186]

An example of good practice is the Statutory Review of the Renewables Obligation. This successfully built on 2 preliminary consultations, which facilitated early engagement to refine the terms of reference and issues for consultation. This helped identify a new issue for consultation (renewable obligation certificates being claimed but not issued).

180 http://www.dti.gov.uk/ewt/common_comence5.htm
181 Does the Department of Trade and Industry have the capacity to use evaluation effectively in its programme of regulatory simplification? MBA Project, Carolyn Campbell, 2006.
182 This does not include joint consultations with other bodies or independent consultations (such as the joint consultations were carried out with Ofcom and HMRC/Companies House, and an independent consultation was carried out by the Chief Scientific Officier).
183 Ministerial authorisation for less than 12 weeks consultation on EU Noise Directive due to exceptionally short EU transposition timetable.
184 Waste Electrical and Electronic Equipment (WEEE) Directive; and Cost Recovery Model for Protection Energy Companies.
185 Four of the consultations not compliant with the DTI template were exemption or revocation notices.
186 Licensing of Existing Gas & Electricity Interconnectors; Restrictive Practices in Dental Goods; Restrictive Practices in Imported Hard & Softwood; Restriction of Estate Agents' Agreements.

The Better Regulation Team regularly engages with industry-government stakeholder groups such as 'VIPER' for the automotive industry and similar groups for other sectors. In developing the Department's simplification plan, it engaged with business through personal letters from the Minister, one-to-one meetings, roundtables and a dedicated webpage and submission form.

The EU Commission, building on the success of the CARS 21 automotive sector group, aims to launch similar groups in the sectors of energy, environment and competitiveness; defence, pharmaceuticals, life sciences and biotechnology, mechanical engineering.

Simplification & administrative burden reductions

The Department published a draft of its first simplification plan in November 2005[187]. This set out 50 measures for delivering our £1 billion target for reductions in regulatory burdens. These include simpler and more flexible company law (will save business over £643mill); e-enabling Companies House and the Patent Office (will save business a further £230mill); Sunday Trading, and employment law proposals to lighten the load on business in areas of redundancy law, maternity leave and dispute resolution. Business and regulators have been widely engaged. The Department will publish the final version of this first simplification plan in its rolling programme this year.

An example of how simplification benefits business is in the field of weights and measures. By introducing greater flexibility in the equipment that can be used to package goods, a large business with around 3% of the food sales market could save approximately £150,000 on in-store bakery.

The Department has measured the administrative burdens its regulations impose on business. These include the costs of form filling, data returns and a wide range of information firms are required to provide. This work will help identify areas with scope for simplification and enable the Department to measure progress towards its target to reduce by 25% the administrative burden it places on business.

The Department is taking forward key recommendations from the Hampton Review[188] on reducing inspection and enforcement burdens through a risk-based approach, including setting up the Local Better Regulation Office (LBRO), and transferring the Engineering Inspectorate to the Health and Safety Executive. The internal merger of the Insolvency Service and Companies Investigation Branch will take effect from April 2006.

The Department is piloting a new targeted and risk-based enforcement approach with the retail sector in two areas: Bexley and Warwick. These pilots are already showing the benefits of such an approach.

187 http://www.dti.gov.uk/ewt/simplifya.htm
188 http://www.hm-treasury.gov.uk./budget/budget_05/other_documents/bud_bud05_hampton.cfm

EU better regulation

The UK Presidency of the EU Council in 2005 helped raise the profile of EU better regulation. Key Department goals for the Presidency were robust impact assessment with competitiveness testing and progress on simplification of EU law. Both of these were achieved. On the basis of new guidelines on Impact assessment, the Commission produced impact assessments with an analysis of impacts on competitiveness for all new proposals. In October, the Commission issued a wide-ranging simplification plan[189] affecting over 1,400 legal acts. This year the Department is working to ensure that impact assessment and competitiveness testing are mainstreamed into EU policy-making, and that simplification proposals are brought forward on schedule.

189 http://europa.eu.int/comm/enterprise/regulation/better_regulation/simplification.htm

Annex C3
Investment and Asset Management

The Department's investment strategy and a detailed analysis of tangible fixed assets including planned new investment, asset disposal plans, Private Finance Initiative and Public Private Partnership contracts and resource impact relating to assets and investments for the Department, its Agencies and NDPBs within the accounting boundary can be found in the Departmental Investment Strategy (the "DIS"). This document also provides details of the Department's approach to procedures and systems for managing investments and assets and can be found on the Department's website3.

A summary of the Department's capital expenditure by activity can be found in Table A3: Capital Budget, in Annex A of this Report. Up to date asset and investment information may also be obtained by consulting the Departmental Resource Accounts for 2004-05.

Annex C4
Capital Modernisation Fund

This fund aims to support innovative capital projects, through the provision of some or all of the resources they require to proceed. The fund supports only capital expenditure, and all current costs have to be met by bidders.

Up to 2002-03 there were four rounds of the CMF. Details of these projects can be found in previous Expenditure Plan Reports. No new Department projects were allocated funding during 2003-04, 2004-05 or 2005-06.

Annex C5
Invest To Save Budget

The Invest to Save Budget (ISB)[190] aims to finance projects that demonstrate innovation or improvements in public service delivery. It is a joint venture between HM Treasury and the Cabinet Office and supports projects conducted in partnership between two or more public bodies.

Up to end 2004-05 there were seven rounds of bidding for ISB funding in which the Department was allocated £18.25million across 11 projects. Details of these projects can be found in previous Departmental reports. The Department has no ISB projects from the eighth round of bidding, which ran during 2005-06.

190 For additional information on the ISB see www.isb.gov.uk

Annex C6
Public Accounts Committee Reports

Twenty-first Report of 2004-05: The UK's civil space activities

The PAC reviewed the operation of UK civil space activities, which are co-ordinated by the British National Space Centre (BNSC) hosted by the Department of Trade and Industry.

- The Government has accepted the recommendations of the Committee. Both prior to and in response to the Report, a number of measures have been taken:
- The structure of BNSC has been revised to ensure closer co-ordination of the main funding partners under a UK Space Board. This will assist in developing systems to track progress against its strategic objectives;
- BNSC undertook a mid-term review of the current Space Strategy in preparation for the next Strategy;
- BNSC will continue to make efforts further to improve performance monitoring and has acted upon the recommendations of both the National Audit Report and the Science and Technology Committee's report on the Beagle 2 mission. Planning, funding and management of projects have been improved through better cost review processes and the signing of more formal multilateral agreements for new projects;
- On Galileo, an independent study of the costs and benefits to the UK of Galileo was up-dated for BNSC/DTI in 2005;
- BNSC has achieved improvements in the UK return in ESA industrial contracts, has negotiated additional measures from ESA to address the return situation, and is continuing to monitor and propose improvements in the operation of the juste retour process.

Sixth Report of 2005-06: Renewable Energy

The PAC report examined the Government's support system for renewable energy – the Renewables Obligation (RO). Among the Committee's findings, it concluded that:

- Other forms of other low-carbon generation should be encouraged, in addition to renewables. The Government has now announced an energy review, which will aim to ensure the Department is on track to meet its 2003 Energy White Paper goals, including the reduction of carbon dioxide emissions;

- Some support provided by the RO is in some cases in excess of the extra cost of renewable generation, and this should be reduced. The Department has announced that it will be tapering support for new landfill gas projects, the lowest cost technology supported by the RO, from 2009;
- Programmes to support biomass should be made more effective. The Government's Biomass Task Force has now reported and its recommendations are now being considered.

Fourteenth Report of 2005-06: Energywatch and Postwatch

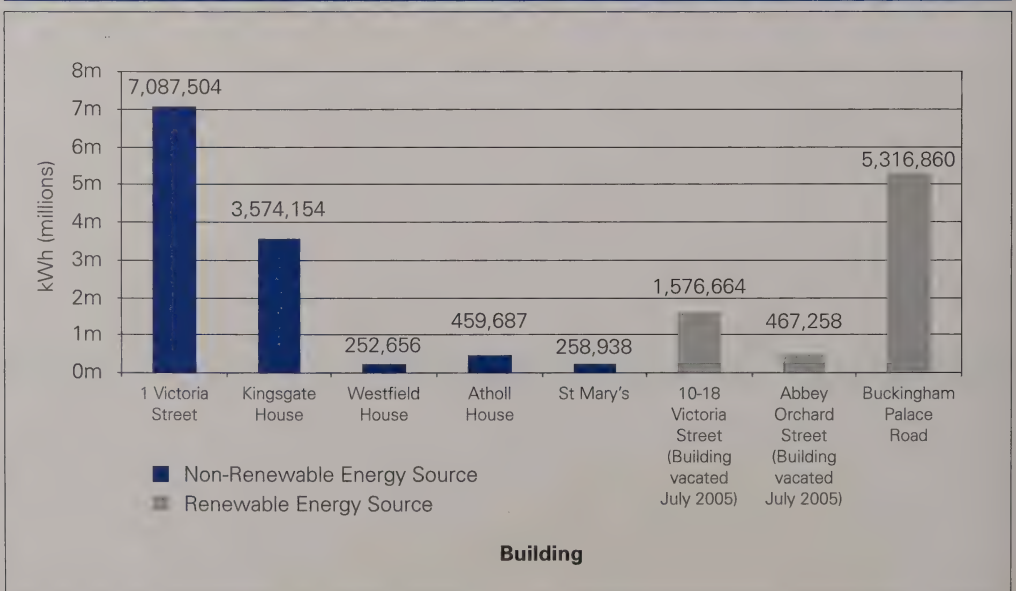
The PAC Report contained a number of conclusions and recommendations focusing Energywatch's and Postwatch's understanding of and relationship with consumers; the need for more work on disadvantaged customers; the desirability of moving offices out of London; the scope for sharing support costs; and Postwatch's costs and its achievements in meeting customer satisfaction levels.

One recommendation was addressed to the Department and said that it should allow Energywatch and Postwatch to share back-office services to reduce overhead costs. The Department fully supports this recommendation and is working with Energywatch and Postwatch to take it forward.

Annex C7
Environmental Performance

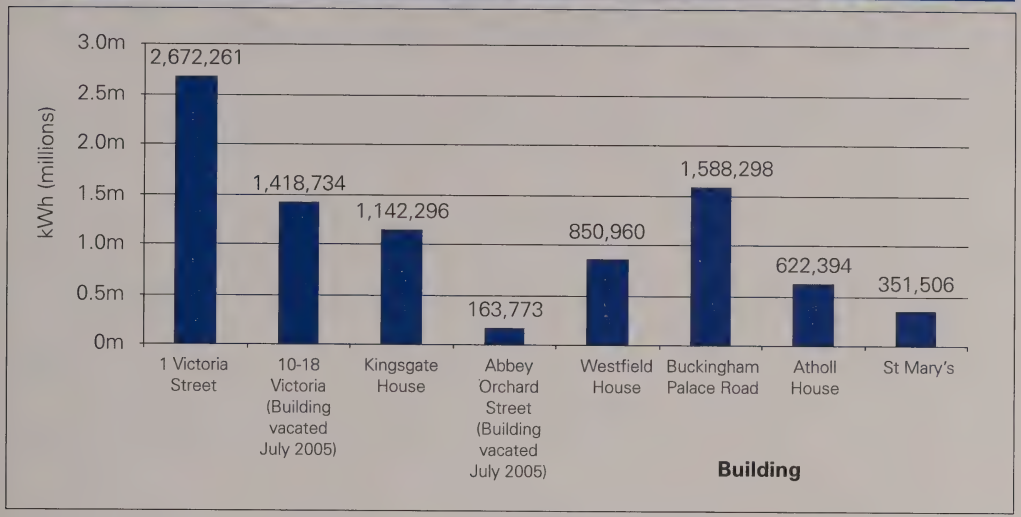
The rationalisation of the Department's HQ estate has continued over the past 12 months to include the Abbey Orchard Street and 10 – 18 Victoria Street resulting in reduced electricity consumption compared to previous years. The occupants of these buildings have been moved to both 1 Victoria Street and Kingsgate House, which has seen an increase in consumption due to higher demand on the buildings. The chart below details the total electricity consumption (kWh) for each of the Department's HQ Estate building for the period January to December 2005. The columns in green represent the buildings supplied with green energy (E-on). Unfortunately, when 10-18 Victoria Street and Abbey Orchard Street were vacated in July of 2005 the Department was unable to transfer the green energy contract to the remaining buildings. It is intended to include in the next electricity procurement that electricity from renewable sources supplied to 1 Victoria Street is included as a criteria.

Total Electricity Consumption Per Building (Jan-Dec 2005)



The chart above details the total gas consumption (kWh) for each of the Department's HQ Estate building for the period January to December 2005. Again, due to 10-18 Victoria Street and Abbey Orchard Street being vacated in July is significantly lower than previous data and as a result of the occupants being relocated to 1 Victoria Street and Kingsgate House, the gas consumption has increased slightly due to demand changes on the buildings. However, gas consumption for the estate has been continually reducing over the year.

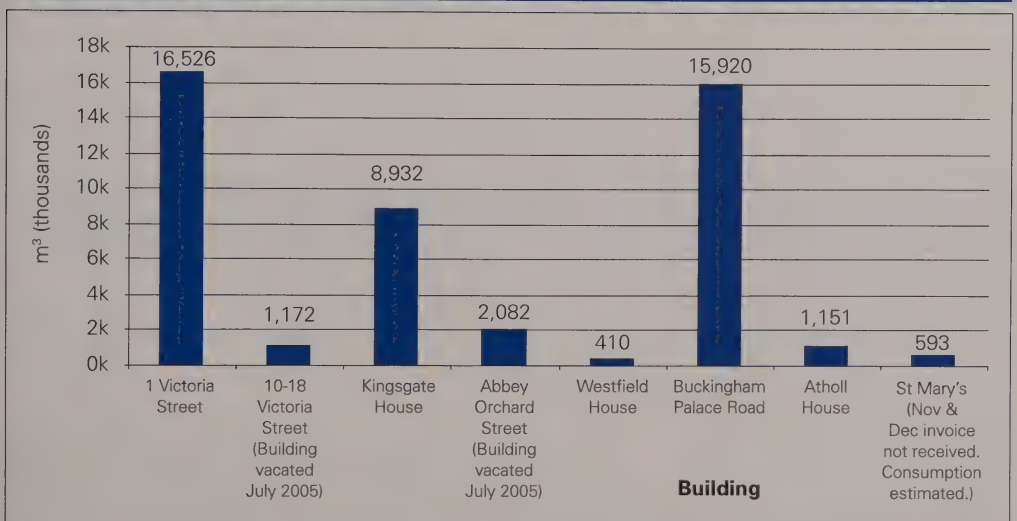
Total Gas Consumption Per Building (Jan-Dec 2005)



The chart below details the total water consumption (m^3) for each of the Department's HQ Estate building for the period January to December 2005. Again, due to 10-18 Victoria Street and Abbey Orchard Street being vacated in July is significantly lower than previous data and despite the occupants being relocated to 1 Victoria Street and Kingsgate House, the water consumption of these buildings has not increased due to higher demand but has in fact decreased that has been as a result of improved water efficiency. As a result of the improved water efficiency, the whole of the Department's HQ estate has seen significant decreases in water consumption and is expected continue over the coming months.

The Department's Building services are working with the Carbon Trust and Future Energy Solutions carrying out further investigations into carbon emission reduction and introduction the generation of renewable energy.

Total Gas Consumption Per Building (Jan-Dec 2005)



Annex C8
Health and Safety Report

The Department understands and is committed to its responsibility to ensure the health safety and welfare of its staff, contractors and visitors. During 2005-06 the Department has continued to improve its performance and has worked with other Government Departments and stakeholders to help improve overall performance.

The Department aims to establish a strong health and safety culture that engages all employees in achieving significant improvements in safety performance.

In support of this aim, the Department has focused its attention on the following key initiatives:

- The Development of a Health and Safety Management System;
- Effective delivery of safety strategies in building management and maintenance;
- The development of a more robust inspection and compliance regimes to address contractor safety;
- The provision of working conditions and workplaces that comply with the relevant statutory requirements, approved codes of practice.

The Department's Permanent Secretary is ultimately responsible for health and safety in the Department. For Departmental Agencies this responsibility is delegated to Agency Chief Executives who are responsible for all health and safety matters in their Agency. Chief Executives submit an annual report on health and safety to their Agency Steering Boards. For the Department's headquarters, health and safety responsibility is delegated to the Director General, Services Group. The Director General submits an annual report on health and safety covering the Department's headquarters to the Departmental Management Board.

The Department's Information and Workplace Services (IWS) is responsible for co-ordinating health and safety arrangements for the building environment. IWS proactively ensures that risk assessments, workplace inspections and incident investigations are undertaken and that any identified remedial actions are actioned. It acts as the Departmental intelligent customer for building related health and safety and provides information, advice and some guidance to Departmental Agencies and non-Departmental Public Bodies (NDPBs).

Improving our Health and Safety awareness is one of our objectives and explanation is given in our Health and Safety Policy available on our internal intranet. Our management systems are based on HSE guidance in order to ensure that priority for every employee.

The HSC guidance, Health and Safety in Annual Reports (2004), has been utilised in the preparation of this report as the Department believes that the aforementioned publication sets a positive framework for health and safety performance reporting and transparency in relation to risk management and associated internal control mechanisms.

Our health and safety policies and practices are regularly reviewed against those of other Government Departments and the private sector. Accident statistics are collated and benchmarked against data published by the Health and Safety Executive. The Department strongly supports the Government's Revitalising Health and Safety initiative, and strives to ensure that health and safety considerations are properly built into its actions.

The Department has no fatality or dangerous occurrence as defined under the Reporting of injuries, Diseases and Dangerous Occurrences Regulations 1996 (RIDDOR), nor been served with any health and safety enforcement notice or convicted of any breach of health and safety law. During the year the Department's Asbestos Policy, Action Plans and long-term Asbestos maintenance Plans have been reviewed. The Department's audit and inspections regimes have been strengthened and its fire audits have been updated to address changes introduced by the Fire Safety (Regulatory Reform) Order 2004.

In line with the Government's plans to make all workplaces and enclosed public places smoke free, all smoking facilities within the Department's buildings have been withdrawn from 1 January 2006.This strategy has been received positively and is helping to create a clean air environment within our workplaces. IWS has fully reviewed and significantly improved all routine management processes of the water-cooling systems on the estate and all our buildings comply with the basic requirements of the Disability Discrimination Act (DDA).

The number of RIDDOR reportable accidents, non-reportable accidents, and working days lost for reportable and non-reportable accidents are set out in tables below.

RIDDOR reportable accidents

	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005
Staff	4	3	3	2	2
Contractors	3	3	2	0	1
Rate per 100,000 employees	77	58	63	40	75

There has been an increase of RIDDOR reportable this year and IWS continues to ensure that Health and safety responsibilities are addressed, Improved policies have been rolled out and health and safety briefing has been intensified through out the estate.

Non reportable accidents

	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005
Staff	71	85	94	62	52
Contractors	17	11	15	10	4
Rate per 100,000 employees	1360	1640	1964	1800	1400

The number of non-reportable incidents and accidents for staff as well as contractors have reducedthis year, however this change cannot be attributed to any significant change. Trends and patterns are been analysed and appropriate control measures have been built into the safety management system.

Working days lost for reportable and non-reportable accidents

	2000-2001	2001-2002	2002-2003	2003-2004	2004-2005
Staff	26	37.5	79	64	54
Contractors	27	28	24	10	5
Rate per 100,000 employees	–	722	1157	1480	1475

List of Chapter/Figures and Corresponding Chapters/ Figures in Departmental Report 2005



List of Chapter/Figures and Corresponding Chapters/Figures in Departmental Report 2005

2005 Chapter	2005 Figures	2006 Section	2006 Figures
N/a	N/a	**Introduction**	**Fig 0.1** Structure of the Department pre-April 2006
N/a	N/a		**Fig 0.2:** Structure of the Department from April 2006.
N/a	N/a	**Section 1 – The Department's Objectives and Purpose**	**Fig 1.1:** Relationship between the Department's Strategic Framework, PSA Targets and Business Plan Objectives
N/a	N/a		**Fig 1.2:** Links Between The Department's Business Objectives and PSA Targets
Progress on Delivering PSA Targets	Fig 2.1	**Section 2 – Delivering the Department's Public Service Agreement Targets**	**Fig 2.1:** International comparisons of productivity, output per worker measure
	Fig 2.2		**Fig 2.2:** International comparisons of productivity, output per hour worked measure
	N/a		**Fig 2.3**: World Citations
	Fig 2.3		**Fig 2.4**: Higher Education Business Community Interaction (HEBCI) Survey Indicators
	Fig 2.5		**Fig 2.5:** Business R&D as share of GDP
	Fig 2.6		**Fig 2.6:** Patent grants at the USA Patent Office per million population
	N/a		**Fig 2.7:** Table of Indicators
	N/a		**Fig 2.8:** UK greenhouse gas emissions vs. the Kyoto target
	N/a		**Fig 2.9:** UK carbon emissions vs. 2010 domestic target
	N/a		**Fig 2.10:** Year on year change in Productivity (gross value added per employee)
	N/a		**Fig 2.11:** People of working age in the 15% most deprived wards in England: proportion self-employed
	Fig 2.8		**Fig 2.12:** VAT registration rates (registrations per 10,000 resident adults) in the most and least deprived areas in England, 2000-04.
	N/a		**Fig 2.13**: Number of high growth start-ups in the UK by year of Start-up (VAT registration)
	N/a		**Fig 2.14:** Measures and Outcomes used to assess delivery of PSA 9
	Fig 2.9		**Fig 2.15:** SR02 PSA 9 Performance against targets
	N/a		**Fig 2.16:** % point gap between rates for all groups and rates for under-represented groups excluding Indian and Pakistani
	Fig 2.10		**Fig 2.17**: Ethnic minority employment rates and gap with overall UK rates
	Fig 2.12		**Fig 2.18**: Summery of Performance Against Previous Spending Review Targets
Enterprise Growth and Business	Fig 5.1	**Section 3 – Delivering the Department's Strategic Objectives**	**Fig 3.1:** Small Firms Loan Guarantee Scheme
	Fig 5.3		**Fig 3.2:** Expenditure on Enterprise, Growth and Business Investment
Strengthening Regional Economies	Fig 6.1		**Fig 3.3:** Total Government funding for RDAs
	Fig 6.2		**Fig 3.4:** Expected SFIE/RSA Expenditure for 2005-06 by region
	Fig 6.3		**Fig 3.5:** DTI/UK Trade & Investment expenditure on Strengthening Regional Economies

2005 Chapter	2005 Figures	2006 Section	2006 Figures
UK Trade & Investment	Fig 7.1		**Fig 3.6**: Number of Participants supported at exhibitions, missions and seminars
	Fig 7.2		**Fig 3.7:** Inward investment cases and effect on jobs
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List of Acronyms Used in the Report

A

ABI – Annual Business Enquiry
ACAS – Advisory, Conciliation and Arbitration Service
ACP – African Caribbean and Pacific States
AFRC – Agriculture and Food Research Council
AHRC – Arts and Humanities Research Council
AME – Annually Managed Expenditure
APR – Autumn Performance Report

B

BAE – British Aerospace
BBSRC – Biotechnology and Biological Sciences Research Council
BCC – British Chamber of Commerce
BCSSS – British Coal Staff Superannuation Scheme
BERD – Business Research and Development Expenditure
BGS – British Geological Survey
BLU – Business Link University
BNFL – British Nuclear Fuels Limited
BNG – British Nuclear Group
BNSC – British National Space Centre
BRE – Better Regulation Executive
BRO – Bankruptcy restriction Order
BS – British Shipbuilders

C

CBSU – Cognition and Brain Sciences Unit
CCLRC – Council for the Central Laboratory of Research Councils
CEHR – Commission for Equality and Human Rights
CH – Companies House
CIB – Companies Investigations Branch
CIP – Competitiveness and Innovation Programme
CIS – Community Innovation Survey
COP – Committee on Overseas Promotion
COPD – Chronic Obstructive Pulmonary Disease
CSR – Corporate Social Responsibility
CST – Council for Science and Technology
CTSA – Consumer and Trading Standards Agency

D

DCMS – Department for Culture Media and Sport
DDA – Doha Development Agenda
DEFRA – Department for the Environment Food and Rural Affairs
DETR – Department for the Environment Transport and the Regions
DFES – Department for Education and Skills
DFID – Department for International Development
DFT – Department for Transport
DOH – Department of Health
DTI – Department of Trade and Industry
DWP – Department for Work and Pensions

E

EAT – Employment Appeal Tribunal
EC – European Commission
ECF – Enterprise Capital Fund
ECGD – Export Credit Guarantee Department
ECO – Export Control Organisation
EEE – Electrical and Electronic Equipment
EG – Enterprise Grants
EISCAT – European Incoherent Scatter Facility
EMAR – Employment Market Analysis Research Team

EMBF – Ethnic Minority Business Forum
EMBO – European Molecular Biology Organisation
EPA – Economic Partnership Agreement
ESA – European Space Agency
ESRC – Economic and Social Research Council
ETS – Emissions Trading Scheme
EU – European Union

F

FCO – Foreign and Commonwealth Office
FSU – Former Soviet Union
FTE – Full Time Equivalent

G

GVA – Gross Value Added
GDP – Gross Domestic Product

H

HBAI – Households Below Average Income
HEBCI – Higher Education Business and Community Interaction Survey
HEFCE – Higher Education Funding Council for England
HEI – Higher Education Institute
HMRC – HM Revenue and Customs
HO – Home Office

I

IAEA – International Atomic Energy Agency
IAS – International Accounting Standards
IBS – International Bench Marking Survey
ICT – Information and Computer Technology
ITEC – Information, Technology, Electronics and Communications
IDBR – Inter-Departmental Business Register
ILMA – Index of Labour Market Adaptability
IP – Insolvency Practioner *or* Intellectual Property

J

JODI – Joint Oil Data Initiative

L

LBRO – Local Better Regulation Office
LCBL – Lifecycle Baseline
LDA – London Development Agency
LDC – Lesser Developed Countries
LFS – Labour Force Survey

M

MAA – Mutual Acceptance Arrangement
MAS – Manufacturing Advisory Service
MID – Measuring Instruments Directive
MOD – Ministry of Defence
MRC – Medical Research Council

N

NAMA – Non-Agricultural Market Access
NAO – National Audit Office
NAP – National Allocation Plan
NATS – National Air traffic Control Service
NDA – Nuclear Decommissioning Authority
NDPB – Non- Departmental Public Body
NERC – Natural Environment Research Council
NETCEN – National Environmental Technology Centre
NGO – Non-Government Organisation
NISR – Nuclear Industries Security Regulations
NVQ – National Vocational Qualification
NWML – National Weights and Measures Laboratory

O

OCNS – Office for Civil Nuclear Security
ODPM – Office of the Deputy Prime Minister
OECD – Organisation for Economic Cooperation and Development
OFT – Office of Fair Trading
OFCOM – Office of Communications
OGC – Office of Government Commerce
OGD's – Other Government Departments
ONS – Office of National Statistics
OPCW – Organisation for the Prevention of Chemical Weapons
OPPC – Oil Pollution Prevention Control
OSPAR – The Oslo and Paris Commissions
OST – Office for Science and Technology

P

PAC – Public Accounts Committee
PBR – Pre Budget Review
PGA – Partial General Approach
PPARC – Particle Physics and Astronomy Research Council
PRA – Panel for Regulatory Accountability
PSA – Public Service Agreement
PSRE – Public Sector Research Establishments

Q

QCD – Quality Cost and Delivery

R

R&D – Research and Development
RDA – Regional Development Agency
REACH – Registration, Evaluation and Authorisation of Chemicals Directive
RIA – Regulatory Impact Assessment
RSA – Regional Selective Assistance

S

S&T – Science and Technology
SBS – Small Business Service
SBRI – Small Business Research Initiative
SCF – Structural and Cohesion Funds
SCS – Senior Civil Service
SDAP – Sustainable Development Action Plan
SEC – Science Enterprise Centre
SET – Science Engineering and Technology
SFIE – Selective Finance for Investment in England
SITPRO – Simpler Trade Procedures Board
SOA – Super Output Area

T

TEA – Total Entrepreneurial Activity
TUC – Trade Union Congress

U

UCP – Unfair Commercial Practices Directive
UKCS – UK Continental Shelf
UKAEA – United Kingdom Atomic Energy Authority
UKTI – UK Trade & Investment
UKRC – UK Resource Centre for Women
UNCTAD – United Nations Conference on Trade and Development

V

VAT – Value Added Tax
VWF – Vibration White Finger

W

WTO – World Trade Organisation
WERS – Workforce Employee Relations Survey

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